DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

THIRD SESSION—FOURTEENTH PARLIAMENT

14-15 GEORGE V, 1924

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COMPRISING THE PERIOD FROM THE THIRTEENTH DAY OF MAY TO THE TENTH DAY OF JUNE, 1924, INCLUSIVE

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1924

CANADA

House of Commons Debates

OFFICIAL REPORT

Tuesday, May 13, 1924

The House met at three o'clock.

REPORT

Report of the Grain Commissioners for Canada for the crop year ending August 31, 1923.—Hon. Mr. Low.

BANKING AND COMMERCE COMMITTEE

Mr. THOMAS VIEN (Lotbinière) presented the fourth report of the select standing committee on Banking and Commerce, as follows:

Your committee recommend that they be authorized to have their proceedings and such evidence as may be taken printed from day to day for the use of members of the committee and of the House, and that rule 74 in relation thereto be suspended.

Mr. VIEN moved that the report be concurred in.

Motion agreed to.

UNITED CHURCH OF CANADA

Petitions were presented from certain members of the following congregations severally praying that the proposed legislation incorporating the United Church of Canada, be not enacted:

Falworth Street Presbyterian Church; St. James Presbyterian Church; St. Andrew's Presbyterian Church, all of Sydney; St. Matthew's Presbyterian Church, of North Sydney; St. Andrew's Presbyterian Church of Sydney Mines; Calvin Presbyterian Church, of Louisburg; Union Presbyterian Church of Mira and Catalone, all of the province of Nova Scotia,—Mr. Carroll.

Petitions were presented from certain members of the following congregations and bodies praying that the bill now before the House to incorporate the United Church of Canada be passed during the present session.

Methodist Church, Brantford, Ont.; North Broadview Presbyterian Church, Toronto; Methodist Church at Gregg, Man.; William Mills and 124 others, Woodslee and Ruscumb, Ontario; Maryland Methodist Church, Winnipeg, Man.; Union Church, Joggins, N.S.; First Methodist Church, St. Thomas, Ont.; Presbyterian Church Bosanquet; Central Methodist Church, St. Thomas, Ont.; Presbyterian Church, Kenton, Manitoba; Methodist Church, York , P.E.I.; Presbyterian Church, Bradwardine, Manitoba; Presbyterian Church, Lacombe, Alberta; Methodist Church, Strathroy, Ontario; Knox Presbyterian Church, Wetaskiwin, Alberta; Methodist Church, North Gower, Ont.; Union Church, Bon Accord, Alberta; Methodist Church, Mount Bridges; Presbyterian Church, Valleyfield, P.E.I.; Presbyterian Church, Bear Stream and Kamsack, Sask.; Methodist Church, Plunkett, Sask.,—Mr. Stansell.

PRIVATE BILLS

FIRST READINGS

Bill No. 105 (from the Senate), respecting a patent of Thomas Williams Pritchard.—Mr. Boys.

Bill No. 106 (from the Senate), respecting The General Animals Insurance Company of Canada.—Mr. Ryckman.

Bill No. 107 (from the Senate), for the relief of Amy Selain Slater Therrien.—Mr. Jacobs.

Bill No. 108 (from the Senate), for the relief of Harold Adrian Proctor.—Mr. Garland (Carleton).

Bill No. 109 (from the Senate), for the relief of Harry Charles Arthur.—Mr. Martell.

Bill No. 110 (from the Senate), for the relief of Tony Bazar.—Mr. LeSueur.

Bill No. 111 (from the Senate), for the relief of Gordon Johnston Hutton.—Mr. Stewart (Hamilton).

Bill No. 112 (from the Senate), for the relief of Douglas Carlyle Bell.—Mr. Ross (Kingston).

Bill No. 113 (from the Senate), for the relief of Elma Catheryne Caulfield.—Mr. Ross (Kingston).

Bill No. 114 (from the Senate), for the relief of Alice Bertha Boyce Baker.—Mr. Spence.

Bill No. 115 (from the Senate), for the relief of John Lee Williamson.—Mr. Church.

BUDGET CHANGES

On the Orders of the Day:

Sir HENRY DRAYTON (West York): Might I ask the Acting Minister of Finance (Mr. Robb) whether he has not omitted

something to-day; whether there are no more budget changes to be laid on the table?

Hon. J. A. ROBB (Acting Minister of Finance): Nothing more to-day, Mr. Speaker.

DISMISSAL OF J. B. LEVESQUE

Mr. ALEXANDRE J. DOUCET (Kent, N.B.) (Translation): Mr. Speaker, on March 19, 1924, the House ordered the production of all correspondence exchanged between the Department of Marine and Fisheries and Mr. Jean Baptiste Lévesque relating to the dismissal of this employee; on April 30 last, the hon. Minister of Marine and Fisheries informed me that the officials of his department would immediately furnish all the information required relating to this dismissal. I wish to know if I shall soon be given this information?

Hon. P. J. A. CARDIN (Minister of Marine and Fisheries) (Translation): The corespondence to which the hon. member refers has just been laid on the Table of the House.

THE BUDGET

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

The House resumed from Monday, May 12, the debate on the motion of Hon. J. A. Robb (Acting 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. Woodsworth.

Mr. R. F. PRESTON (Lanark): Mr. Speaker, I desire to address the House for a few moments on a question that I believe to be of great importance not only to the people whom I have the distinguished honour to represent, but also to the masses of the people of this country. I concur with what other hon. gentlemen have said in reference to the absence of the right hon. Minister of Finance (Mr. Fielding), and I join with them in expressing the hope that in the near future providence will restore to him his health and strength and that he may be enabled again to take his place in the House. To the Acting Minister of Finance (Mr. Robb) I extend my congratulations upon the bold and vigorous way in which he delivered his budget speech, but to the contents of it, Mr. Speaker, I cannot subscribe.

About a year ago it was rumoured about the country in the press and elsewhere that this government was likely to make some changes in the tariff, and it was suggested that if the changes were made the result would be disastrous to industry, especially to the woollen and textile industries. Following upon that rumour, more than one deputation came to Ottawa to wait upon the right hon. Finance Minister. One of these deputations which I have particularly in mind was made up of a body of able executive men, men of wide experience, who felt it their duty as business men to come here and give all the information they could to the Finance Minister. They laid their cards on the table; they appealed to the minister, and I personally was present and heard the appeal. He received them in his usual courteous manner but gave them no encouragement and when the budget of that year came down it was found that nothing had been done along the lines suggested by them. The country has been placed in a most deplorable financial condition by reason of the fact that no relief was given to the industries I have mentioned.

Before the budget speech of this session was delivered, I understand, another deputation came down here and waited upon the Acting Finance Minister along the same line—men, as I say, of outstanding executive ability, men who knew their business and who wanted to give the Acting Finance Minister what guidance they could and to point out the need for some relief. I do not know exactly what the answer was, but it was stated that he did tell them they might thank God that they had this government in power. What he meant by that I do not know, unless it was that if the Progressive party were in power the condition might be even worse.

I propose to deal with this budget under several heads: First, from the point of view of its effects upon the industry of my own constituency; second, its effect upon the industrial fabric of the country as a whole; third, its adverse effect upon Canadian wages, Canadian employment and the standard of Canadian labour; fourth, its menace to the Canadian home market and consequently to the great mass of the agriculturists of Canada; fifth, its relation to immigration and emigration; sixth, its demoralizing effect upon Canadian stability and Canadian development and its equally demoralizing effect upon public confidence in the integrity of public life involved in the apostasy from the solemn pledges and undertakings given by the government to the people.

I wish to speak first in reference to my own county, with which I am most familiar.

Many years ago we had two principal industries in that county, agriculture and lumbering. The farmers and their sons got work from the lumbermen in the woods in the winter and in the sawmills and on the drives in the summer, and so they went along for some years; everybody was working and everybody was contented. During those days there was no distress, no discontent in the county. But there came a time when the lumbering industry in that part of the country passed out of existence and the farmers' sons were obliged to look to other sources of employment. Fortunately we had a protective tariff in this country, and under that tariff new industries took the place of lumbering and the lumbering towns of those days are now industrial centres.

I propose to give a few figures as to the capital invested in that county in industrial concerns, the wages paid, and the number of employees. We have approximately $9,265,000 capital invested in industrial concerns in that county; they have an annual payroll of $2,026,200, and employees to the number of 2,344. This, Mr. Speaker, illustrates what industry means to one county in Ontario, and these industries have been developed as the result of protection. The figures I have quoted, do not include all the industries, just the major ones, and, of these quoted, two-thirds of the investment is in the woollen industry. These industries have kept our people in our own country, and in our own country they have furnished employment for the sons and daughters of the farmers who do not wish to remain on the land, and further, they have furnished a market for practically the entire agricultural products of our country. Anything seriously affecting the prosperity of these industries will seriously affect the prosperity of every man, woman and child in my county, whether they are in the mills or on the land.

Permit me for a few minutes to deal with the general situation as it affects the woollen industry. This is one of the greatest of Canadian industries, having a total investment of $65,000,000 and 124 mills in the several provinces. It particularly feels British competition more than any other Canadian industry, as is seen by the imports. For the fiscal year ending March 31, 1922, there was imported from the United Kingdom, under the British preferential tariff, goods amounting to $90,000,000. Of this, $22,000,000 were woollen or knitted goods, showing conclusively, that the woollen and knitted goods industry of Canada bears the brunt of importations under the British preferential arrangements. Any increase in the British preference, as I will show further on, means an increase in the importation of British woollen and knitted goods, and a decrease in the Canadian production of the same goods, with consequent unemployment, and the migration of our skilled labour to the United States.

The 10 per cent increase in the British preference placed the woollen and knitted goods industry of Canada in most serious danger. In 1900 the present Minister of Finance (Mr. Fielding) increased the British preference to 33½ per cent of the general tariff. Between 1900 and 1907, eighty-eight woollen mills closed their doors and the woollen and knitted goods industry faced almost extinction. So alarming became the depression of this great industry, that the present Minister of Finance made a thorough investigation and changed the preference on these goods, to 14.29 per cent of the general tariff. This tariff practically remained unchanged until 1922, when the same Minister of Finance reduced the duties from Britain 2½ per cent on certain items such as flannels, cloths, tweeds, undershirts, knitted goods, and so on. The effect of that was seen in the rapid increase in the British importations. For the ten months ending January, 1923, with an allowance to bring the figures up to the end of March, 1923, the following increase is shown in importations from Great Britain, of woollen and knitted goods brought about by the tariff reductions made that year:

Total value of woollen and knitted goods imported into Canada:

Year ending March, 1922..	$20,680,208
Year ending March, 1923..	29,484,079

Increase approximately 43 per cent.

Yardage, imported into Canada:

Year ending March, 1922..	12,208,523 yards.
Year ending March, 1923..	18,793,613 yards.

Increase approximately 54 per cent.

Hosiery and socks imported into Canada:

Year ending March, 1922..	257,089 doz. pairs
Year ending March, 1923..	610,372 doz. pairs

Increase approximately 138 per cent.

This shows what a serious effect the increase in the British preference had on the Canadian woollen industry. Few of the Canadian mills to-day are running full time; in fact, the competition is so keen that any further preference to the British mills will have a most serious effect. The situation to-day is even more serious to the Canadian industry than it was in 1900. British industry is shut out from continental markets as they cannot pay, and from the United States by the tariff, and they are now turning their whole attention to the Canadian market. Brit-

ish industry is a most powerful and well-organized machine. Certain other factors enable the British manufacturer to produce more cheaply than the Canadian. They have 50 per cent cheaper labour; they have cheaper coal, lower bank rates, cheaper production and a depreciated currency. During the six months ending March, 1923, 15,800,000 yards of British cloth were sent into Canada, which has a population of eight and a half million, while during the same period only 7,220,000 yards of British cloth were sent to the United States, which has a population of a hundred and fourteen million. The United States, with all its highly organized industry and great capital, felt the necessity of protection against the cheaper imports of Great Britain, and they have successfully overcome this by their tariff, while the woollen industry of Canada has been left to bear this keen competition, and this government now proposes to put it out of business.

The reduction in duty was not enough to make any difference in prices to the consumer, while it is sufficient to allow the British industry to undersell in many lines, throwing the men and women in Canada out of work, reducing our market, decreasing our population, and driving our skilled labour to the United States, where they are keenly anxious to get our people. To-day every country in the world, except Canada, is in some form or other increasing its protection to its industries. Canada is the only country in the world that is making it easier for the foreign producer to sell in our markets, and make it more difficult for our own people to retain their own markets.

What is the position of the Canadian woollen industry to-day? In a summary of the situation, as presented by the representatives of the industry who waited on the Acting Finance Minister (Mr. Robb) before the present budget was brought down it was shown that:

Twenty mills are closed since January 1st, 1923, out of 124 woollen and knitting mills on which we have reports. Idle machinery to-day in the 124 mills reporting is as follows:—Looms, 40 per cent; Cards, 33 per cent; Mules, 24 per cent; Dyeing and Finishing, 28 per cent; Knitting, 41 per cent; Sewing, 44 per cent or an average of over 40 per cent of the machinery idle. There is considerable reduction of operating machinery over 1923, which was an extremely unsatisfactory year for the mills. To-day only 10,799 hands are employed in the mills reporting, while if these mills were working full time, they would employ 23,055 hands.

Out of the mills reporting, only 58 could report on the number of their employees who have gone to the United States since January 1st, 1923, and these did not give all those who actually left the country, but only those highly skilled workers they actually know about. The figures for the 58 mills are: Employed when mills are on full time, 11,244; employed to-day, 7,376; known to have left for the United States, 776. This represents over 10 per cent of those now employed in these mills.

While these figures reflect the serious condition in Canadian mills during 1923, and the more serious situation at the present time, we find that over $40,000,000 worth of woollen and knitted goods were shipped to Canada from abroad during the calendar year 1923 of which over $30,000,000 worth were shipped into Canada from Great Britain. On careful analysis of these imports, we find that there is the machinery and technical ability in Canada to manufacture from 80 per cent to 90 per cent of these imports, and if the bulk of the imports had been manufactured in Canada, it would have employed from 17,000 to 20,000 additional hands throughout the year.

It was submitted that the woollen and knitting industry, which is indigenous to Canada, and of which 94.4 per cent of the industrial capital employed is owned by Canadians, should be safeguarded by tariff adjustments, otherwise capital employed would be dissipated, and the employees thrown out of work or largely transplanted to the United States. In the present unsettled political and economic condition of European countries it may possibly be a fatal policy to rely upon an uninterrupted supply of necessities of life, such as woollen and knitted goods to Canada from European sources, including Great Britain. They asked that in the present budget, adjustments of the tariff and regulations regarding the tariff be made to safeguard this industry which is necessary to the full development of Canada along national lines. With this end in view they submitted certain points for consideration. Unlike any other industry in Canada, their main competition for the home market comes from goods shipped from Great Britain. Of the total imports into Canada dutiable under the British preference, one third is in competition with their industry, and their industry therefore bears one third of the burden of the British preference. And since wages and overhead, which is wages in another form, are much lower there than in Canada, Great Britain would have a natural preference in Canada, even if preferential rates of duty were not granted. On examining wage figures supplied by the Ministry of Labour, London, we find that the wages in the woollen and knitting trade in Great Britain were 66 per cent higher in December 1920, than they are now, while in the industry in Canada, the wages are governed by the wages paid in the United States and have not been reduced more than an average of 10 per cent.

Duties on goods from Great Britain were lowered in 1922 and again in 1923. Invoices for duty purposes are valued at the exchange value of sterling on the invoice date, instead of at par value, thus lowering the actual amount of the duty as provided by the tariff.

There is a large "invisible bounty" on all exports of goods from Great Britain to Canada owing to the purchasing power parity of the British pound to the Canadian dollar, and the rate of exchange. This amounts to practically the difference between the par value and the exchange value of sterling. Duties levied on goods from Great Britain imported into Canada are diminished by this amount. There are no tariff regulations compensating for this "invisible bounty". It is a factor in addition to other advantages for producers abroad, such as lower wages, overhead, and so forth.

Goods partially manufactured in continental countries by much cheaper labour than can be had in England, may be shipped into Canada under the British preferential rate. As an example, goods made in Great Britain can be sent to France to be dyed and finished. In this connection, they pointed out that Australia, New Zealand, the Union of South Africa and the Bahamas have the following clause in their regulations, which prohibits such shipments to these countries under their British preferential tariffs:

> In the case of goods which have at some stage entered into the commerce of or undergone process of manufacture in a foreign country, only that labour and material which is expended on or added to the goods after their return to the United Kingdom shall be regarded as the produce or manufacture of the United Kingdom in calculating the proportion of United Kingdom labour and material in the factory or works cost of the finished article.

While they dealt in detail with the question of imports from Great Britain, many of the same points were applied to continental countries, especially France, which owing to the fact that the invoices are valued at the exchange rates and the "purchasing power parity" of the franc is much higher than the exchange value, is rapidly increasing its exports to Canada, to the detriment of our home industries.

In the circumstances, I believe it to be in the national interest to restore the tariff on woollen and knitted goods to at least the rates effective under the Fielding tariff of 1906-7. And particularly for the purpose of preventing commercial dumping now carried on to an extent that is devastating this Canadian industry as a result of depreciated currencies in Great Britain and on the continent, it is necessary that the dumping clause be amended so as to apply the dumping duty to safeguard against such depreciated currencies.

Surveying the government figures for last year of imports in competition with the cotton, silk and linen mills, as well as our woollen and knitting mills, we find that $14.40 worth of manufactured textile products for each man, woman and child in Canada was imported from abroad during 12 months. The total is $112,444,724. The bulk of these goods could be produced in Canada and as their value, outside of the cost of the original raw material, is all labour, the direct and indirect wages lost to the country amounts to almost the value of the imports. The reason why the bulk of these goods was not made here is that the customs duties are so low that the low-paid workers in Great Britain and continental Europe have an advantage in our home market over the better-paid workers in Canada. The wage scale in Canada is determined by the wage scale paid in the United States. Goods partially or completely manufactured by workers in European countries can be shipped into Canada from Great Britain under the British preference. Also there is no compensation given in the administration of the customs duties for the effect of depreciated currencies on goods from Great Britain, France, Belgium and Italy. To give an example, a paper pound will buy in England to-day just as much as a gold pound, but goods from Great Britain are valued for duty purposes at the exchange value of the paper pound as compared to the Canadian dollar. The effect is to actually lower the already too-low duties.

I have here the text of a letter addressed to the Prime Minister by workers in the Canadian textile mills which I desire to have placed on Hansard. I shall not weary the House by reading the communication, but with the permission of hon. gentlemen it will be inserted in the record:

[The communication handed in is as follows:

To the Right Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa.

Sir:

Great numbers of men and women in Canadian textile mills are being laid off and more are being put on part time. Some mills are shut down. Because of this, many Canadians have to leave their homes and go to the United States.

This is caused by the $112,000,000 worth of manufactured textile goods made by workers abroad which were sent into Canada last year because our customs duties are too low.

If these goods had been made in Canada, the wages would have been paid to the workers in the Canadian textile mills instead of to men and women in Germany, France, Great Britain, the United States and elsewhere.

Every spinner, every weaver, every knitter, in our Canadian mills would be employed full time and overtime, and the "Help Wanted" sign would be hung out if the wages for making these imported goods went into the pay envelopes of Canadians.

Take only a few items of the goods which came in last year and see what they would mean in work and wages if made in Canada:

Yarns made from wool	3,464,459 lbs.
Tweeds	4,741,113 yards
Worsteds and Serges	7,044,753 yards
Women's and children's dress goods	4,922,192 yards
Flannels, plain	1,509,600 yards
Blankets	128,873 pairs
Socks and stockings, wool	7,897,320 pairs
Socks and stockings, cotton	6,429,660 pairs
Socks and stockings, silk	364,884 pairs
Yarns made from cotton	2,095,428 lbs.
Cotton thread, etc	1,360,245 lbs.
Cotton piece goods dyed	22,253,023 yards
Cotton piece goods printed	6,238,647 yards
Cotton in grey	9,434,243 yards
White unbleached cotton	5,904,495 yards

The above list of course only gives a few examples. The amount of knitted goods coming in is very great but cannot be shown in this way.

The countries from which these goods, manufactured from wool, cotton, silk, flax and hemp, come are:

Great Britain	$65,090,565 worth
United States	27,168,120 worth
Other countries	20,186,049 worth

The wages paid in Great Britain and in European countries are only from one-half to one-quarter of the wage scale paid in Canada and therefore we cannot compete with these low paid workers unless the government protects our wages by increasing customs duties.

We therefore address this letter direct to you personally to ask that you advise your government of the necessity to raise the customs duties sufficiently at the coming session of parliament to protect Canadian workers.

We are,
Yours sincerely,
The Undersigned Workers in the Canadian Textile Mills.]

Some changes have been made in the tariff with respect to agricultural implements, and we have heard a great deal about this matter during the last few weeks. The notes that I have on the agricultural implement industry were prepared before those changes took place. However I shall make my statement to the House, and should I be guilty of any technical blunders I am quite sure hon. gentlemen will excuse me.

1. The implement manufacturer to-day buys his labour at rates 113 per cent higher than they were before the war.

2. He must pay from 100 to 248 per cent more for his raw materials, steel, malleable castings, lumber, cotton duck, and so forth, and the incoming freight charges on these materials are 90 per cent higher than in 1914, while outgoing charges on the finished products are estimated to be 44 to 100 per cent higher than in 1913.

3. Despite these increased costs of production the total increase in the price of farm implements since 1914 is but 80.4 per cent as against an increase of 100 per cent in farm labour.

4. As a direct consequence, few, if any, of the implement manufacturing industries are paying dividends; fourteen of the leading companies lost $9,393,000 in 1921 and $1,738,000 in 1922.

Yet it is this industry, which represents an investment of some $80,000,000 in Ontario alone, that this government has marked out for slaughter. We are told by the government's apologists that it is merely carrying out its 1919 platform. If that be so, then how does it come that they have singled out the one industry that enjoyed the least protection? What of the boot and shoe industry? What of the automobile industry? Why are they not touched? The answer is because this is a political, not a scientific or economic budget. To touch boots and shoes would be to lay unholy hands upon some of the constituents of the Minister of Justice (Mr. Lapointe). To touch automobiles would be to lay unholy hands upon the political chances of some other of my honourable friends. So these industries are left alone, the "poor masses" for whose sufferings the Prime Minister's heart bleeds so copiously, are let go hang so far as boots and shoes are concerned, while the poor implement industry is butchered to save the skins of this government and to make a Roman holiday for their friends in the West.

What is the fiscal trend of the world to-day? Everywhere, on every continent, the nations are seeking restoration of their economic strength through the agency of tariffs. Practically all of the new nations that were created by the Treaty of Versailles have gone in for protection. France, Germany, Italy and Spain have either heightened or are heightening their tariffs. Even the little Irish Free State has gone in for a policy of protection. And while all this is going on, while free trade is practically dead, and while the United States, the greatest industrial entity that the world has ever seen, continues to increase her tariff barriers, continues to take fiscal measures against Canada, Canada, through this minority government opposite, throws open its markets to the world. Sir, I say that in the modern history of the world there has seldom been greater evidence of incompetency and economic folly. And what is the consequence to this country? The consequence is that Canadian industry is terrified. Those industries that have not been touched feel that they are but out on suspended sentence. Last year the Minister of Finance gave the country a promise of stability. He said that with the United States standing by the Fordney-McCumber tariff it would be madness for this country to further lower its own tariff bars. To-day we see this minority government indulging in that madness, at

the point of a gun pressed against its political stomach by the Progressive party, it is placing this country at the economic mercy of the United States. Today all over this country factories are closing down. Men and women are being thrown out of employment. Towns and communities are being depopulated. Farmers are being deprived of their home market. Canadian capital, that ought to be going into the development of the country, is being put into banks or bonds. British and foreign capital is being frightened away from the Dominion. There is unrest and uncertainty from Sydney to Vancouver. And what is happening to the young manhood of this country? At the rate of 10,000 a month, our young men, discouraged by what is taking place at home, deprived of opportunities at home, are fleeing over the border to rear higher the prosperity of a foreign land. The government cannot deny this. If they do deny it, if they challenge the truth of what I have just asserted, then let them look at their own official statement of the Settlers' effects that have come into and gone out of this country during the past two years. Let them study the figures as told in their own official blue books. The other day Mr. Grant MacNeil, Dominion secretary of the Great War Veterans' Association, addressed a meeting in the city of Ottawa. In the public press I read this report of that address:

Describing the Canadian immigration effort for 1923 as a "gigantic debacle", C. G. MacNeil, Dominion secretary of the G.W.V.A., presented some startling statistics to a meeting in St. Matthias' Parish Hall Saturday evening under the auspices of Flanders Lodge No. 1, L.O.L.

Quoting from Canadian and United States official records, Mr. MacNeil showed that during 1923, a total of 137,320 people had been brought into Canada from all sources, while 182,369 had entered the United States from Canada during the same period.

"We presented United States with a quota equivalent to our total immigration and 45,000 of our resident citizens in addition", he declared. "Why should the United States worry about immigration while the magnanimous Canada taxpayer is willing to spend about $80 per head for the privilege of delivering the very best of immigrants within the doors of that republic."

In his opening remarks Mr. MacNeil said that for some time past Canadian ex-service men as represented in the G.W.V.A. had viewed with growing alarm the increasing exodus to the United States. With branches of the association everywhere reporting removals an investigation had been undertaken. This had revealed that nearly one-third of the overseas strength of the C.E.F. had crossed the border. In consultation with immigration officials it had been found that this movement was regarded as a species of restlessness and that it was thought these people would return eventually.

"We have been thoroughly disillusioned on this score," said the speaker. "Canadian ex-service men have migrated to the United States for no other reason than to secure their bread and butter. Conditions have not been righted and as the years pass the prospects of their return rapidly fade."

"The most popular retort to any statement depicting this exodus is that all the Canadians are returning or are about to return. Let us again examine the official statistics. Included in the Canadian immigration total for 1923 are 20,307 people who entered Canada from the United States. We find that of this number only 2,587 had previous Canadian residence. It is clear that we have not recouped our losses, and that there is little joy in the quality of the negligible number received by Canada in exchange.

"We need not search far for the men to roam afield for a livelihood. It is disclosed in the returns of the industrial census of Canada issued by the Bureau of Statistics, that for every 100 men employed in our industries in January, 1920, only 88 were employed in January, 1924. Employment has decreased by 12 per cent. We have no industrial expansion to provide employment for newcomers, and we have experienced a contraction of payrolls that has squeezed our men out of the country."

Mr. MacNeil said that in the face of these facts there was an insistent clamor from influential quarters for greater immigration. This was touted as a panacea for all economic ills.

"Can we safely continue to pour population through our country into the United States, which at the same time is washing away the elements of our own structure? Shall we strive for national stability, or shall we proceed with this mad attempt at exploitation of population turnover?"

That, Mr. Speaker, is the considered opinion of a man who has investigated the facts, who is speaking with information and without political bias. The situation which he discloses is a grave one; and I say to this House that unless the people of this country wake up, unless they determine to abolish this eternal political tampering with the tariff and give Canada a sound policy of ample protection, that drain upon our national life will continue until it becomes a veritable menace to our national existence. What we want in Canada is a tariff policy that will develop our own country, that will build up our own towns and cities, that will provide a home market for our farmers and traffic for our railways, a policy that will keep our young people at home and bring the right kind of immigration to our shores; a policy, in a word, which will do for Canada what protection has done and is doing for the United States. To-day the financial position of this country gives cause for grave concern. We have a debt which stands at $2,400,000,000—representing a fixed charge of $130,000,000 a year upon the people of the Dominion. We have a scale of taxation which, largely because of the extravagance of this government, has been continued at a war peak, and which is about the heaviest taxation in the world. Our trade continues to expand, but it should not be forgotten, that our exports are swollen by a drain on our natural resources—that we are much in the position of a man who is selling his estate.

The great problem of the world to-day is impoverishment and debt. The great need of the nations, apart from development of their industrial and productive life, is retrenchment and economy. Great Britain has recognized this; the United States has recognized it, Australia and New Zealand have recognized it. Britain, despite enormous commitments, despite that she is paying twelve times more than we are for defence, has been balancing her budget and paying her debts. She paid off hundreds of millions of her debts in 1923, and reduced taxation. She produced a surplus of more than two hundred millions this year, and reduced taxation again. The United States, through economies that were effected, has reduced the liabilities of that country by billions of dollars, and is reducing taxes. Australia and New Zealand have reduced expenditure, debts and taxation. Yet, while this has been going on, while these countries, often less favourably situated than Canada, have been retrenching, this country has been plunging further into debt. This government has increased the debt of this country by upwards of $100,000,000. It confesses to an increase of $31,000,000 in 1923; its own figures show an almost similar increase this year—despite an effort to camouflage the truth. It promised economy; and it talked economy, but it has continued a profligate extravagance: it was willing only this year to pour out millions of the taxpayers' money to bribe the constituencies of Halifax and Kent. Its devotion to economy, like its fidelity to the rest of its pledges, depends upon its political life. Anywhere, at any time, it is willing to sacrifice retrenchment, and pour out the public's money, to buttress its tenure of office.

And it is this infidelity to solemn pledges, Mr. Speaker, that constitutes the worst feature of this budget. What confidence can the people of this country have in this government? Let us for a moment glance over its record:

It promised to reduce the cost of living. On the first of January of this year, two years after it had taken office, its own official reports—the reports of the Labour Department—showed that the cost of living was actually 2 points higher than on the first of January, 1921.

It declared that it was going to abolish trusts and combines; and the Minister of Labour actually told us that Sir Charles Gordon should be sent to gaol. Sir Charles Gordon was sent to Genoa as our economic representative instead; and the only action taken against trusts and combines is the creation of a combines act whose sole achievement has been to add to the burdens of the taxpayers of the country.

They denounced the government of my right hon. leader for failure to collect the Riordon taxes. I ask any hon. member of the government to rise in his place now and tell this House and country how much of these Riordon taxes have been collected?

They solemnly pledged themselves to give a cash bonus to our soldiers. They cynically abandoned that pledge, and instead told those same veterans, less than a year later, that the door was practically closed against them.

They denounced orders in council as autocratic and declared they would banish them from our government, but they have passed, and are passing, more orders in council than ever before in the history of our country. They have committed the country to the expenditure of millions of dollars by this very process which they so denounced—as in the case of the purchase of the Union Club in London.

They declaimed against royal commissions. This year we have six or seven royal commissions roaming up and down the country at prodigious expense, adding to the burdens of the taxpayer and relieving the government of the responsibility it was afraid to face.

They said that they would practise economy, but they have heightened the debt of the country by nearly $100,000,000.

Mr. MACDONALD (Pictou): By how much did my hon. friend say this government had increased the debt?

Mr. PRESTON: By $100,000,000.

Mr. MACDONALD (Pictou): As a matter of fact it has decreased it.

Mr. PRESTON: You would have to produce a different kind of budget from the present one to show that.

Mr. MEIGHEN: "Decreased" it by endorsing its own notes.

Mr. PRESTON: They have been the most profligate and extravagant government in the English-speaking world at a time when extravagance is criminal.

They declared that they would reduce taxation. To-day taxation is higher than when they took office.

They said that they would promote immigration and bring back the "'golden era of Laurier." They have failed to produce an immigration policy of value, and almost a quarter of a million Canadians have left this country since they came into power.

And so it is to the end of the chapter.

Mr. Speaker, the plain truth is that this minority party has destroyed responsible government in this country. It is in a minority in this House; it is in a hopeless minority in this country. It holds office simply on the sufferance if its masters from the West. Over there, Mr. Speaker, on the Progressive benches, sit the real rulers of this country. The Liberal party holds office; the Progressive party holds power. The hon. gentlemen who sit on the treasury benches are simply a cabinet in custody. The hon. member for Brandon (Mr. Forke) is the Rasputin behind the throne; it is he, not the right hon. Prime Minister, who dictates the policies of this Dominion. The hon. member for Brandon has a willing instrument in the person of the Minister of Justice (Mr. Lapointe). That hon. gentleman visited the West last year and told the farmers that there was no difference between his party and theirs. "We want to do what you want us to do," he told them: "give us your orders and we will gladly obey them." Mr. Speaker, the hon. gentlemen from beyond the lakes have given their orders, and those orders are being obeyed. So long as men like the ex-Minister of Justice (Sir Lomer Gouin) and the member for Shelburne and Queens (Mr. Fielding) were active in the cabinet, such enslavement could not exist. But the ex-Minister of Justice who believed in protection, and the member for Shelburne and Queens, who also believed in protection, are gone, and the remnant of this

4 p.m.

government—anxious to hold office at any cost and a pliant instrument for the intrigues of the member for Quebec East (Mr. Lapointe) who has high political ambitions—has bowed down before its masters. And so I say that the real rulers of Canada to-day are on the Progressive benches. They are governing this country, and they are governing it without responsibility. The whole thing is a sheer negation of the principles of representative government. And, Mr. Speaker, this is just the beginning. These hon. gentlemen tell us that this is but the "first step." They tell us that they have sounded the "death knell of protection;" they warn us to wait until next year. The whole prosperity of the country is menaced by the cowardice of a minority on the one hand and the tyranny of a minority on the other. The truth is that it is impossible to point to a single administrative or legislative act during the past two years and say: "Here the King government did good." All along the line, anywhere that honest inquiry can look, the record is one of failure, of impotence, of defeat and of humiliation.

And now, Sir, just a word in conclusion. I have spoken of the danger of this budget. I have tried to show the peril that confronts the national life of the country in any interference with the tariff. I have pointed to the lengthy story of failure, of impotence and of humiliation and surrender to selfish interests which have characterized this government's regime. I have surveyed its record of broken pledges, of bad faith, of recreancy to principle, a story without parallel in the political life of this country. But it is futile to appeal to this parliament. The servile band who sit behind the government, with some few honourable exceptions, have outraged political honour. That group have degraded the public life of this Dominion; they care nothing but for office and power. But, Sir, a day of reckoning is coming. Sooner or later this government will have to answer for its stewardship to the tribunal of the people, and when that times comes we on this side of the House will confidently face the result.

Look over the history of this confederation, Mr. Speaker, and you will see that in every crisis in our national life the Liberal-Conservative party has been signalled by the people. I am confident that they are turning to that party again to-day. I am confident that they are turning to the leader whose experience and whose vision and courage place him high above contemporary statesmen, and that when the time comes to give their verdict, this government will be consigned to that oblivion which its record so richly deserves.

I have gone over briefly some of the reasons why this government have no legal or other right to occupy the position they hold to-day. They are occupying an impossible position, by reason of the pledges and promises they gave to the people previous to the last election. Did they carry out those pledges and promises? No, they did not. Finding themselves in a minority position, what have they done? They have done exactly what I have said: They have carried on negotiations with hon. gentlemen to my left. They have said to them: "We will give you whatever you want; we want to remain in power." I do not know how long hon. gentlemen to my left have lived in Canad, but I assume most of them have been in this country ten, fifteen or twenty years and have made great successes in western Canada. They have, I believe, built up good, comfortable homes for themselves and their families, and that, of course, is a source of satisfaction to us all. Many of them also, I presume, have large bank accounts. Now, Mr. Speaker, did they attain that prosperity under a free trade policy? No, they did not; they attained it under a protective policy placed upon the

statute books in 1879 and continued from that time up to the present, with some few slight changes. From 1879 to 1896 we had a protective policy. That great statesman, Sir Wilfrid Laurier, whose memory still lives in the hearts and minds of the masses of the people of this country—he and his friends opposed that policy when in opposition, but when they came into power they adopted it and continued it, and when Sir Wilfrid Laurier went out of power in 1911 he left a higher tariff than had been in force when he came in.

What I want to impress upon the House is this: Canada is a young and growing country, a country of great opportunities; it only needs development. We have everything that any country could desire, but we must have a sound, sane protective policy that will give support and protection to our industrial concerns all over the country. Those who invested capital in our industrial enterprises did so under a protective policy and in the belief that that policy would not be tampered with practically every day in the year. But what do we find now?—and I have particular reference to my own county. There we have two large mills closed down, one in the hands of a receiver. That four-storey mill is filled with the most up-to-date machinery that money can purchase for the purpose of producing for this country goods of the very best quality at prices that will meet the competition of the world. But what has this government done? As I say, in 1922 and 1923 they increased the British preference, which permitted foreign goods to flood our domestic market and drive our people out of business. Is there any sense or reason in this? I do not think there is. While the United States has built up a tariff wall so high that no outsider can get a look-in, we have been reducing our tariff protection, thus disorganizing our business and driving our people across the line. In my opinion we ought to have a fair and substantial protective policy that would prevent the United States or any other foreign country from dumping their surplus production here while we are not permitted to do business with them. We must trade on the principle of dollar for dollar, else we cannot live. This jug-handled policy is no good for Canada.

I hope I have made myself clear. I offer no criticism of the government except from a business standpoint. I believe they are on the wrong track. When I heard the Acting Minister of Finance (Mr. Robb) the other day deliver his budget, which his colleague the Minister of the Interior (Mr. Stewart) later termed the "death knell of protection," I thought: Well, if that great man, Sir Wilfrid Laurier, was here we would never have heard any such doctrine as that enunciated in this House. Because he was a protectionist, he knew the value of protection, and therefore he continued the protective policy up to the time he went out of office in 1911.

I know of only one remedy for the present condition of affairs. When the time comes that the government must appeal to the people—and the appeal may come sooner than some of us anticipate—when it does come, Sir, in my humble opinion the great and independent electorate, irrespective of party ties, will march to the polls with that sacred ballot in their hands and there deposit them, not for the purpose of retaining this minority government in power, but on the contrary, Mr. Speaker, to drive them out of power and put in power the most outstanding and capable man in the public life of Canada to-day—and that man is the Right Honourable Arthur Meighen.

Mr. L. P. BANCROFT (Selkirk): Mr. Speaker, many hon. members are repeatedly advising the western farmer to discontinue his agitation for lower tariff burdens, lower transportation costs and the completion of the Hudson Bay railway, and to turn his attention to mixed farming. They tell him that therein lies the solution of his troubles. For instance, the hon. member for Nanaimo (Mr. Dickie) who comes from a district noted for the production of canned salmon, said a few days ago: Let the western farmers throw away their can-openers and get down to mixed farming. Other hon. members have suggested that we might emulate the example of the great mixed farming province of Quebec. Now, these statements show an absolute lack of knowledge of farming conditions in western Canada, and they are both false and misleading, as I shall endeavour to prove in the short space of time which I plan to take up this afternoon.

I have before me a comparison of the live stock production of Manitoba and Quebec for the past year, 1923:

Year 1923

LIVE STOCK AND DAIRY PRODUCTS—QUEBEC AND MANITOBA

Horses	
Quebec	361,651 or .145 per capita
Manitoba	362,407 or .604 " "
Cattle	
Quebec	1,781,751 or .75 " "
Manitoba	691,711 or 1.15 " "
Sheep	
Quebec	822,997 or .35 " "
Manitoba	93,162 or .15 " "

Swine		
Quebec	797,726 or .34	" "
Manitoba	291,236 or .48	" "
Poultry		
Quebec	6,482,256 or 2.82	" "
Manitoba	3,289,051 or 5.48	" "
Eggs		
Quebec	26,672,975 dozen or 11.5 doz.	" "
Manitoba	13,811,350 dozen or 23.5 doz.	" "
Dairy Products		
Quebec	$34,017,996 or $14.40	" "
Manitoba	$10,576,407 or $17.60	" "

In 1922 Manitoba produced 3,041,712 pounds of honey. The production of honey is increasing very rapidly in Manitoba, and it is noteworthy also that Manitoba honey is of the highest grade known on the North American continent. Recently a single shipment from North Carolina to Manitoba contained forty million bees valued at $10,000. Next I have figures with regard to the estimated value of field crops for 1923. They are as follows:

Manitoba Field Crops, 1923

Wheat	24,807,000 bushels
Oats	19,181,000 "
Barley	10,533,000 "
Rye	2,617,000 "
Mixed grains	134,000 "
Flax	2,511,000 "
Potatoes	2,241,000 "
Turnips	694,000 "
Hay and Clover	3,245,000 tons
Alfalfa	133,000 "
Fodder Corn	987,000 "

In addition to this the production of fruit is extending very rapidly in Manitoba also. Apples are produced in commercial quantities in Lisgar, and small fruits do exceptionally well in all parts of the province; their production bids fair to become one of the important branches of Manitoba agriculture. Now, let me give the House figures showing the wealth produced by other Manitoba industries in 1921, namely:

Manitoba Industrial Products, 1921

Fisheries	$ 1,023,187
Mineral production	2,258,942
Furs	1,679,812
Lumber	1,461,466
Manufactures	123,470,393

In view of these facts, Mr. Speaker, I do not see how anyone can accuse the people of Manitoba of having all their eggs in one basket. I want to point out that the amount of wealth produced in Manitoba bears little, if any, relationship to the condition in which the people of that province find themselves to-day. This condition, I venture to assert, is one of the most distressing and precarious through which they have ever passed, and cannot long continue without ending in disaster. The problem, so far as Manitoba is concerned, is not so much the production of wealth, or a variation in the form of its production, but a more equal distribution of the wealth when created.

Now, Sir, in order to improve conditions in western Canada there must be established a modern, flexible credit system, suitable for agriculture. The report of Dr. H. M. Tory reveals in considerable detail the steps that have been taken to solve this problem in other countries. In Canada a solution of the agricultural credits problem is urgently required. If the first step in the rehabilitation of agriculture is to reduce living and production costs, and to reduce the costs of transportation, surely the second step is to devise some means to make farming profitable by establishing a credit system that will enable many thousands of farmers to carry on their indebtedness under some debt funding plan. Conditions in Canada may be somewhat different from those in other countries, but it is inconceivable that we in this country cannot discover some sound method of providing capital for the agricultural industry. Where other countries are succeeding in overcoming this difficulty, Canada ought not to fail. The onus rests upon the Dominion government to set about this matter in earnest. The provinces have attempted to do something along this line, but the history of other countries proves that this is a national undertaking demanding legislation by this parliament. The establishment of some such system as this would, in my opinion, do more to stop the exodus of farmers to urban centres and out of the country and to renew the hope of men experienced in farming who are still on the land than any other single reform of which I have knowledge.

Transportation is another great problem and an immense burden upon the western farmer. Situated as he is in the very heart of the continent, bearing the carrying charges of his product to market as well as paying the cost of carrying in all the commodities that he has to purchase, he feels that transportation is one of the great problems before the Canadian people to-day. The demand for the completion of the Hudson Bay railway is an attempt to reduce transportation costs to and from western Canada. The determined opposition to the completion of this railroad seems to come from those who are interested in the present transportation systems, and the general impression in western Canada is that they fear the competition of the Hudson Bay route. This railway was started for the purpose of connecting the

great producing areas of western Canada with the sea, and it cannot be abandoned when 332 miles are completed and it is only ninety miles from the sea. If it were right to construct the railway thus far—and both parties are responsible for its construction to that extent, and consequently for the awakening of the hopes of the people on the prairies and of many who have gone into the northern district—it cannot be abandoned now without a serious national breach of trust. The Hudson Bay railway must be completed, because not only will it move western Canada approximately 1,000 miles nearer to its Liverpool market, but it will establish new and direct competition with the Fort William-Liverpool route, and in that way will have a tendency towards restraining the excessive charges which we have to meet on that route.

In regard to the proposed tariff reductions, outlined in the budget, I am sure that in western Canada those reductions will be regarded as a step towards lowering production costs in the basic industries, and as an indication of the government's intention to reduce them still further in the future. Taken by themselves, the present reductions do not go very far towards relieving the burden of tariff taxation, but we welcome them as a sign of the recognition by the government of the absolute necessity for reducing the costs of all the necessities of life as well as the costs of the implements of production. But the conclusion cannot be avoided that the bulk of the immediate relief promised by the budget comes from the remission of the sales tax rather than from the reduction of import duties. We are confident that import duties can be very substantially reduced, not only without injury to the manufacturing industries, but with actual benefit to them. A reduction of the tariff will bring lower prices and lower prices will bring about an increased demand for manufactured products. I might refer at this point to a statement which I think should not be allowed to pass unnoticed. No doubt many members will have read the reports in the press of the speech delivered by Colonel A. F. Hatch, first vice-president of the Canadian Manufacturers' Association on April 11. This speech was given some space in all the newspapers at that time. Referring to the tariff reductions in this budget, he said:

> It is very far-reaching, and is giving the western farmer, who is really a foreigner, an award at the expense of other parts of the Dominion. The western farmer, as a rule, has no interest in the country. He eats out of a can and gets all he can from outside the country, and puts his wheat in in the spring. As soon as he harvests and markets his grain he goes off to California or some other place for the winter, and spends his money outside of the country.

[Mr. Bancroft.]

This is a curious specimen of the propaganda of the Canadian Manufacturers' Association for national unity. The supreme idea of the statesmen of the past was development of western Canada on the basis of brotherhood and goodwill, genuine national unity; whereas the Rally-round-the-Flag protectionist politicians of to-day would simply extend to the West a kind of colonial status, while at the same time suggesting that its people are foreign or inferior. For five generations my family has lived in this country, and I want to tell these gentlemen that I am proud to associate with and to represent in this House the people whom they thus choose to stigmatize as foreigners.

The hon. member for Nanaimo (Mr. Dickie) argues that only a prohibitive duty against imports of iron and steel enabled the United States to become a great manufacturing country. The facts might bear another interpretation. But assuming that the hon. member's argument is correct, has he considered at what cost to the consumers of that country its great iron and steel industry has been built up? I have in my hand a pamphlet issued by the Fair Tariff League of the United States under date of February 28, 1924. This is not a free trade organization; in fact its policy is very similar to that professed by the Conservative party in this country It states that the purpose of the league is:

> A just tariff adequately. . . .

That is a very familiar word in this House.

> . . . .but not excessively protecting American industry and labour.

Referring to the steel business of the United States, I find on page 20 of this pamphlet:

> On the basis of normal quantity production the present tariff makes farm implements cost farmers $100,000,000 too much and implement manufacturers $50,000,000 too much.
>
> American steel makers add the duty and the freight from Europe to domestic prices. They export $230,000,000 at 30 per cent less than domestic prices. (Total exports steel products, all kinds, $700,000,000). To-day's price (October 22, 1923) of American-made bar steel, which is a criterion for all steel prices, is $2.40 per hundred pounds. The export prices of English bars is $1.61.
>
> The American price, $2.40, is the English price, plus the duty of 27 per cent, or 43½ cents, plus 20 cents freight to New York, plus 16 cents for good measure.
>
> While thus charging the last farthing that circumstances permit, our steel manufacturers are exporting at the rate of $230,000,000 annually, and the profits of the greatest of them, the United States Steel Corporation, in 1923, were in round figures, $180,000,000 net, subject to interest charges and dividends. Dividends were declared for the quarter year ending September, 1923, at the rate of $6 per share on its $508,000,000 of common stock, once all water and sold for $8 per share, now worth intrinsically $260 per share. The Wall Street Journal, of November 2, says that 10 per cent annually, or $10 per share,

"would have been entirely conservative and proper, as the earnings for the current year are at the rate of 15 per cent after paying preferred dividends." Some other companies were as profitable.

American wages, measured in dollars, are the highest ever, largely because the tariff is exorbitant and profiteering, instead of honestly protective. Wages must keep up with living costs, even if the latter are not honest.

These and similar excessive costs of materials and wages and of freights, which are high for the same reason, (railroad equipment is figured on the above steel basis), make the factory cost of farm implements at least 10 per cent above honest protection, and likely 15 per cent. At 10 per cent excess cost the implement factories are obliged, if they live, to pass this excess cost on in the sum of $50,000,000 annually; further increased as the implements pass to the wholesaler, to the retailer and on to the farmer, to a total of $100,000,000.

Farmers cannot pass this $100,000,000 on to their consumers because 89 per cent of all American farm products are sold on free trade or export basis.

Farmers constitute 29 per cent of our population and fully one-third of its purchasing power; for farmers, as users of machinery and other appliances, are far greater purchasers than average citizens. Also farmers pay 40 per cent of all railway charges—far more than average citizens.

Again, on page 27, there is another paragraph headed. "Heavy Steel Products", which I would like to read:

Extensive analysis of the seven basic steel industries, pig iron, bar steel, rails, structural iron, cast and wrought iron pipe, tinplate and terneplate, and wire, and wire work shows that Congress in the Fordney law gave these industries the privilege of adding $351,000,000 to their prices, to cost consumers twice the sum at retail and in amortization charges, or $702,000,000.

Since the great steel consolidations, these industries have charged all the traffic will bear. It is overconservative to estimate that only one-half of the above tariff allowance is added by them to their prices, or $175,000,000 to the United States as a whole, to be doubled at retail or by amortization charges in freights and buildings, etc., making a total cost to American consumers of $350,000,000, or an average of $3.50 per capita. The steel duty, however, costs farmers half as much again as other citizens, or $158,000,000 all told, for farmers are among our greatest consumers of steel, in machinery, in automobiles, and in the transportation of their crops on the railways.

There is no reason for this tariff except price-raising. We are the greatest and cheapest producers of steel on earth. Steel producers say so. We exported in the three years 1919-1921, of these heavy steel products, $733,787,285, against imports of $34,786,900. Exports were twenty times greater than imports. Exclusive of pig iron, which we are willing to export only in more highly finished products, we exported 50 times more than we imported.

The heavy steel duties are an enslavement of the public to a few of the wealthiest corporations in the world. Their annual profits aggregate hundreds of millions of dollars. The duties on these heavy steel products show clearly the difference in the value of duties to manufacturers and to farmers. Manufacturers, when they will, if only by winks and nods, can agree on prices and add all their duties to their prices.

When the steel schedules was before the Senate, Senator Underwood, of Alabama said: "I am in the business myself. I represent a great iron and steel district. I would not willingly harm a people that I represented, but neither would I willingly betray a people I represented by taxing them unjustly for special interests. I know this iron and steel schedule, and I know that it is a fraud and a sham upon the people of this country. I know that it is not even in the interest of the industry in the end. It can compete anywhere in the world. We are the master iron makers of the world.

"Where the fallacy of this argument comes is that under the guise of doing something to help the farmers in some particular item, their support is asked for a bill of which, as a whole, it seems that for every dollar the farmers may derive from the bill they will pay $100 in taxes for the benefit of somebody else."

I read that, Mr. Speaker, to show the hon. member for Nanaimo (Mr. Dickie) that it cost the people of the United States something to build up the great iron and steel industry they have there.

Speaking a few days ago, the hon. member for Vancouver Centre (Mr. Stevens) said:—

The present reduction in the duty on logging machinery will affect thirty seven firms in British Columbia who are now producing this class of machinery at a cost no higher than is the production cost and the sale price in the State of Washington and taking no advantage of the duty.

Now, I have here a comparative list of prices published by the British Columbia Loggers' Association, as follows:

	Seattle Price	Vancouver Price
12 x 14 Two Speed Yarder..	$10,000	$13,692
12 x 17 Simplex..	10,400	14,233
9 x 10 Duplex..	5,925	8,104
Locomotive 50 ton..	18,833	25,688
Locomotive 60 ton..	21,277	29,702
Locomotive 70 ton..	24,000	33,533
High Lead Block 30 x 5..	261	373
High Lead Block 35 x 5..	319	457
Loading Block 14 x 2½..	91	132
Loading Block 18 x 2..	128	184

Mr. LADNER: Are not those the prices in the State of Washington, not in Canada.

Mr. BANCROFT: It is the Seattle price in the one case, and the Vancouver price in the other. The two cities are from seventy to ninety miles apart, and the water freight rate should be added.

The hon. member for Kingston (Mr. Ross) speaking the other day referred to the slave labour of the southern states, and stated that where there is low tariff there is cheap labour. Now, Mr. Speaker, slave labour is not cheap labour. It is admittedly the most expensive labour there is, owing to its comparative inefficiency. The most highly paid labour as a rule is the most efficient, but high money wages are not necessarily high wages. In low tariff countries at normal times money wages may be lower than in some highly protected countries but their purchasing power is much greater, and the workers are better off on that account. What makes low tariff coun-

tries so formidable as competitors is, that they can maintain high standards of living and efficiency at comparatively low cost in money.

In passing I may take this occasion to refer to the remarks of the hon. member for Kingston (Mr. Ross), concerning a definition given by the hon. member for Brome (Mr. McMaster) of a political party. That was a very good definition and the attitude of the hon. member for Kingston towards it reminded me of some comments of Washington Irving on the same subject which seemed peculiarly applicable to the party to which my hon. friend belongs. Irving sagely remarks:

> And here I would note the great benefit of party distinctions in saving the people at large the trouble of thinking. Hesiod divides mankind into three classes —those who think for themselves, those who think as others think, and those who do not think at all. The second class comprises the great mass of society; for most people require a set creed and a file-leader. Hence the origin of party: Which means a large body of people, some few of whom think, and all the rest talk. The former take the lead and discipline the latter; prescribing what they must say, what they must approve, what they must hoot at, whom they must support, but, above all, whom they must hate; for no one can be a right good partisan who is not a thorough-going hater.

Mr. WHITE: Does my hon. friend belong to a party?

Mr. BANCROFT: It is the popular rebellion against that kind of partyism, Mr. Speaker, which is responsible for the presence in this House of the large group to which I have the honour to belong. I may be pardoned for advising both the old parties to live up to the definition of the hon. member for Brome unless they wish to be left entirely behind in these days of independent and progressive thinking.

Now, Mr. Speaker, in conclusion I want to refer—

Mr. LADNER: May I ask the hon. gentleman if the prices he gave were in connection with duplex loaders or yarders?

Mr. BANCROFT: Yarders. I had the price of a two-speed yarder, a simplex yarder, and a duplex yarder.

Mr. LADNER: I think the House should be informed on a question of this kind.

Some hon. MEMBERS: Order.

Mr. LADNER: I should like to ask my hon. friend if he has certain information? I understood him to give the prices in Washington and British Columbia respectively.

Mr. BANCROFT: Seattle and Vancouver.

Mr. LADNER: I should like to ask my hon. friend if he has this information:

Washington Iron Works 12 x 17—3 drum two-speed yarder..	$11,500
Willamette Iron Works 12 x 14—3 drum two-speed yarder..	13,250
Vancouver built 12 x 14—4 drum simple geared yarder..	10,200

These prices are certified to by thirty-seven firms belonging to the Canadian Manufacturers' Association.

Mr. BANCROFT: I saw the list to which my hon. friend refers but the list I read was issued by the Logging Association of British Columbia. They repudiated the price list my hon. friend speaks of.

Mr. LADNER: I would ask my hon. friend if he has the loggers' price which includes the duty and freight to Vancouver? This information is necessary in order to make an intelligent comparison with the British Columbia price.

Mr. BANCROFT: I gave prices for the purpose of showing what the duty means to the logger in British Columbia, and to prove that full advantage is taken of the duty.

The passage a few days before the budget was introduced of a regulation abolishing the differential of 5 per cent in the valuation of imports under the dumping clause has given rise to doubt as to the reality of the tariff concessions in the budget. As a matter of fact if the dumping clause is applied to any considerable extent the real effect will be to neutralize the effect of the tariff reductions if not to actually raise the tariff.

The claim has been made on behalf of the Canadian manufacturers that the difference between the purchasing power of sterling and of the dollar gives the British manufacturer an advantage of about 2 per cent. The removal of the differential may therefore work in favour of the Canadian manufacturer to the extent of an additional two per cent or three per cent protection. Whether this is so or not will depend upon the extent to which the dumping regulations are applied. In any case the mere fact of the repeal of the 5 per cent differential just when strong representations were being made to the government that the tariff should not be materially interfered with, and just before the government seemed to have set its face in the direction of a low tariff, is of itself sufficient to arouse suspicions. The announcement by the hon. Minister of Customs that the old regulation creating this differential is to remain in force is in some degree reassuring. But there would appear to be nothing to prevent its being again suspended so soon as the budget is safely passed. Some more substantial assurances are required in a matter in which the minister seems to

have the power to modify the declared policy of the government without being under the necessity of consulting his colleagues. If such assurance is not given and if this regulation is not modified then I must regretfully conclude that the government has made some hidden concession to the manufacturers, and my vote on the budget will be determined by this consideration.

Mr. F. N. McCREA (Sherbrooke): With your permission, Mr. Speaker, I shall take up a little time in expressing my views on the budget. I do not wish to be harsh or to make any rash statement, but inasmuch as I differ from the government on the budget I desire to outline my reasons for coming to such a conclusion.

The present condition of the country is serious, its burdens are very heavy. Our taxation is almost intolerable and how long people can continue to bear their present burden is something I cannot predict. The question is, what is the prospect for relief? My own impression is that the only sure relief is increased population and increased capital. How are we to get that increased population if we do not give these people something to do? We must have employment to offer them, otherwise they will not come. The people we have in Canada at the present time are leaving faster than others are coming in. In my judgment we cannot place all the people on the land. Of course it is a good place to settle a great many people, but we cannot build up a nation with nothing but farmers. Therefore, we must give some real protection and fair play to industry if we want to increase our population. We have heard a good deal about free trade and about high protection, and all that sort of thing, I am not a high protectionist; I am a moderate protectionist. People who do not believe in my theories will say, "Oh well, he is a manufacturer and consequently speaks from a manufacturer's standpoint". I am and have been a manufacturer for years, but the branch of the business I am connected with, the paper industry, requires no protection. No paper, or very little at any rate, is imported, except tissue paper or something of that kind. The real paper industry makes paper for export and not for import; consequently a tariff on paper would not affect my business. I have been in business for some fifty years or more, and I speak with the information and knowledge I have acquired during all those years. The western farmer would lead us to believe that the panacea for all his troubles is free trade, and that if the farmers had it they would be happy. They have dwelt on that theory so long and so much that it has become a hobby with them and it is more hobby than real. I think a reasonable amount of tariff or of protection would benefit the farming community more than any other class of the population of Canada, and I will tell hon. members why. This country needs population and capital, and if we get the population we must give employment.

Looking at it in the smallest possible way; suppose that an immigrant coming to this country is willing and able to earn a living and support his wife and three or four children by honest toil, with reasonable pay, the moment he sets foot on Canadian soil he becomes a consumer of fifty per cent of his earnings. If he is a common labourer earning $4 a day, fifty per cent of those earnings will go to supply foodstuffs and other commodities that the farmers should and do produce. That being the case, we need population. Suppose we doubled our population, and instead of a few labourers or farmers coming to this country, a million or two came over. That would create a market for a $1,000,000 or $2,000,000 worth of farm products every day of the year. I ask my farmer friends if that does not appeal to them as being to their advantage as farmers. What is the use of a farmer producing large crops of vegetables, butter, cheese, and other articles if he has no market for them? Everybody will agree that the home market is the best market for any country. Fifty per cent of the immigrant's earnings will be spent in foodstuffs, the balance going to the shoemaker, the tailor and for rent. I do not wish to speak in bitterness in discussing this question, because the tariff does not affect my business directly in any way. Of course, any tampering or gerrymandering with the tariff affects everybody, perhaps not directly but indirectly. Anything that affects the country of course affects everybody in the country.

The government seem to take great pleasure in the fact that they issued fifty million dollars of bonds for the purpose of equipment for the Canadian National Railway. They put out another issue of a couple of hundred million of refunding bonds. They take great pleasure in the fact that the bonds were taken up quickly and readily by Canadians. So do I. That fact indicates two things; it indicates that the people of Canada have money, and that they have faith in their country and in the government to some extent. But it indicates something else which to my mind is more serious. It indicates that the people of Canada, instead of putting their money into

industries for the development of the resources of the country, are putting it into bonds and securities. They are not going to take chances in putting their money into industrials, where they are not sure of the stability of the country or of the government; because the tariff policy may be changed at any time. Instead of being a proof of the good condition of Canada, I think this is an indication that the people of Canada are afraid to invest their money in industries and industrial projects.

The question of free trade has become a hobby with the western farmer, but I think their trouble lies in another direction, and I think I will to some extent convince my hon. friends that my theory is nearer right than theirs. The trouble is not so much the changes that are made in the tariff at this particular time as the indications that it is only a step, and God knows how long the next step may be. This, on the investor or the industrial man, whoever he may be, whether located here or elsewhere, has the effect that he does not want to take any chances. If his money is in his pocket or in a bank or in bonds, he is going to leave it there; he is not going to put into industry when he does not know how that industry is going to be affected by some changes in the tariff. Let me illustrate how the present tariff changes appear to me. I read a little of the Bible occasionally and I was reading a little this morning. In the fifth chapter of Exodus, seventh and eighth verses—there are some reverend gentlemen present and they can look this up—I find that when the Israelites were in bondage and were groaning under their load of persecutions and burdens, the knowledge of this came to King Pharaoh. It appears that in those times they were making brick from straw, and Pharaoh called his taskmasters together and he said to them: Take away the straw from these dissatisfied Israelites, but continue the tale of brick. Let them find their straw where they will. That is about the way in which this budget is going to deal with the industrial people—it is going to take away their protection, but to increase their burden. Pharaoh asked only that the tale of brick be not diminished; but as I understand the matter, when you diminish the taxation on one element of the country, you increase it on another. About half a billion dollars is required to carry on the country's affairs, and somebody has to pay that. If you relieve one element of their burdens either by reducing taxation or by reducing the sales tax, you increase the burden on somebody else, so that in that respect the Acting Minister of Finance (Mr. Robb) is one step worse than Pharaoh. He is not only exacting the tale of brick that was usually produced, but he is increasing the burden and taking away the protection.

Let me refer for a few minutes to conditions in my riding and in some of the other ridings surrounding mine. The city of Sherbrooke has about twenty-five or thirty industries employing, when they are running to capacity, or nearly to capacity, about 4,500 men. Twelve of those industries, employing about 2,400 men, are branches of American industries. Will any of those advocates of free trade, such as the apostle of free trade from Brome (Mr. McMaster) tell me why those industries came to locate in Sherbrooke and Drummondville? Was it on account of the good looks and the good behaviour of the people of that section, or what was it? I will tell you why they came, and they came for no other reason than this. They came, not because they could not manufacture those goods in their home town, only a short distance away, but because they wanted to get the benefit of the Canadian market to sell their goods in without paying the Canadian tariff duty. Someone will say: We do not want those American people to come and locate in this country, make big profits and take the money home. At the present time they are not taking very much money home, but they are putting some of their own money into their business to keep it going until they can get work. These people are employing Canadian labour; they are paying good wages; they are buying Canadian goods. They are building up, not only their own industry, but the city of Sherbrooke and other cities where they locate. They are buying Canadian goods and Canadian foodstuffs. Farmers from the surrounding country for miles, even some farmers from Brome where the apostle of free trade comes from, visit Sherbrooke, get good money for their agricultural products and return home satisfied. Would they have that market if it were not for those industries? The same thing applies to Drummondville. The hon. member for St. Lawrence-St. George (Mr. Marler) knows all about that section of country, and he knows that ten years ago the town of Drummondville, which was the county seat, was as dead as a doornail, with no business, no sale for anything and property scarcely worth the taxes. Today property in that town is worth three or four times what it was ten years ago. Not only has the town been built up, but the whole surrounding country has a market for

its goods. If we have not those industries, what are you going to employ people at? What are they going to do? Will they go across the line as people are doing now when they cannot get work in Canada?

I am not going to say much more at present on the tariff question, as I shall probably have a chance of speaking on some of the details, because there are a number of details that require explanation. I think the Acting Minister of Finance who, by the way, is, as a rule, a good level-headed fellow, and his colleagues who had to do with the framing of the budget, jumped at conclusions rather hastily, and when they investigate carefully, they will find that they will have to modify a number of the changes that they have made, exempting one thing, taxing other things and so on, before they will satisfy the people generally. I hope, when the matter comes up in committee, to have an opportunity of saying a little on many of the details.

I said a little while ago that I thought the special troubles that are affecting the farmers of the West, and, in fact, not as much the farmers of the West as the farmers and all people of the East, are railway freight rates. The farmers of the West are not suffering as much as the people of the East because, during the war, when on three different occasions rates were increased, those rates went up uniformly throughout the Dominion. But when the question came up of reducing rates about two years ago, the farmers of the West got a reduction on their grain of some thirty-odd per cent, while the eastern people got a reduction of seven per cent and sometimes not quite as much. Consequently the eastern shipper has suffered to a greater extent than the western shipper. I wish to say in this connection that our freight rates are at least twenty-five per cent higher than they should be and are higher than the people can afford to pay. I will take a little time to explain what I mean. There are three groups of people specially connected with this. First there is the producer. It does not matter whether that producer is a tiller of the soil or a manufacturer, he is an exporter of every kind and class of goods, and consequently the open market of the world sets the value of his goods. If we were consuming all we produce we might raise the price of our goods as the cost of production increased, but being exporters our price is, as I have said, fixed in the open market. The producer, I claim, is the farmer, the lumberman, the miner, the fisherman and the manufacturer—every one of them is a producer. The second group is the carrier. Whether transportation takes place by land or water, everybody engaged in it bears a part in the carriage of goods from the source of production to the point of consumption. The third group is the distributor. It does not make any difference whether our distributors are jobbers, wholesalers, retailers, or even peddlers, every one of them selling goods is a distributor.

5 p.m.

Now then, if any one of these classes gets more than its fair share of what the business will produce, the others get too little. For example, to-day the transportation people are getting far and away more than their share of what the business of the country produces. In some cases the distributors are getting more than their share, but I must say that the farmers of the West so handle the selling and marketing of their grain that there is not a great deal of leakage to the distributors. But there is in some businesses. For instance, the spread between the price the manufacturer of boots and shoes gets and the price the consumer pays is sometimes more than it ought to be. But especially are the carriers getting more than their fair share of what our business will stand. Consequently at the end of the year when the producer finds that he has lost money he ceases to employ. Hence so many idle people in, or leaving, the country. In 1920 when wheat was selling for $3 a bushel and everything else at any price you cared to ask, freight rates were not so bad; but the products of the farm, the forest, the mine, and the sea have all declined in value, fifty per cent, and in many cases even still more, and yet freight rates have been reduced only about twelve per cent, and the carriers are now scrapping to get an increase.

Let me say further that Sir Henry Thornton and Mr. Beatty, the presidents of our two great transportation systems, perhaps think they are managing their roads. Well, they are to some extent, but they have very little to say as to the rate of wages, the schedule of working hours, the classification of labour, and all the rest of it; they are practically powerless to deal with this matter. The only authority that can and should deal with it—and that is the reason why I am talking so much about it—is the government. I think there is only one road of any importance on this continent which is really run by the owner, and that is Henry Ford's road. He says to labour unions, international and local: Keep your hands off my business; I am running this road to suit myself and I will allow no interference. It is a pity that the government of Canada has not the collective courage that

is exhibited by that one man across the border. I wish the government would wake up to the fact that the managers of our great railway systems are practically helpless to reduce freight rates with labour costs so high without creating deficits. This can be done on a government road; the Canadian Pacific cannot do it. They have got to earn a profit to pay their bills.

Now, let me give the House a few figures to illustrate the necessity for a revision of wages in order to balance economic conditions in this country to-day. Two years ago I referred to this subject, and a gentleman from the Senate undertook to correct my statements —not only to correct them, he even said they were false. So I got busy to find out whether I knew anything about what I was dealing with. I said then that the cost of operation of our railways had increased very materially although their earning power had not increased correspondingly. I find the following in connection with a particular station in the country where lumber, pulpwood and so forth are the principal commodities moved. In 1910 the earnings to the railway company were $14,080.25; the cost of maintenance was $824.75—by-the-way at this particular station, and I think it applies to all country stations, the agent lives in the station, or very close to it, and is supplied with free rent, free fuel, free light and free brooms, soap and other things to keep the station and his residence clean; practically the only thing he has to buy is his food and clothing. In 1920, ten years later the revenue was $17,992.76; the cost of maintenance was $3,062.64—almost four times the cost of 1910, with only 25 per cent increase in revenue. But, remember, the freight rates that prevailed in 1910 were more than doubled in 1920. Another example is that of a station on the Canadian National Railways, which is supposed to be operated economically for the benefit of the country. This statement is from 1st to 15th January, 1921—fifteen days. The agent's monthly wage was $145 based on 25 days to the month. His regular pay for twelve twenty-fifths of the month at the rate of $145 amounted to $69.60. But there was a holiday in the month during which he spent 8 hours on duty, and for that he received $5.70. Then there was overtime during that period of 72 hours at $1.07 3-4 an hour, amounting to $77.04. Then he had Sunday overtime, 30 hours at $1.07 3-4 making $32.10 more. Then he had a call some time when he was not on duty and for that he got two extra hours at $1.07 3-4 or $2.14. So that his remuneration for the period from the first to fifteenth, including holidays and all, was $186.58.

Now, I will give you a little more; there are one or two funny things here. Take the case of another man on the same road but at a different station, employed during the same period, from the first to the fifteenth of January, 1921. He worked twelve twenty-fifths of the month at $144 a month. He received as regular pay $69.12. He had overtime of 131 hours at $1.05¾ for which he received $138.53. He had another bill of Sunday overtime of 30 hours—I do now know how he got it in, but he did—for which he received $31.72. Then he had three calls when he was not on duty, making 6 hours at $1.05, amounting to $6.34 more. Then it was found that he was entitled to have had two weeks' holidays during that time, so he put in his bill for 12 days at $144 a month, or $69.12 more. So the modest compensation that he received for his services during that 15 days was $314.83. I would ask you farmers of the West, I would ask people all over the country—for it is not only the farmers of the West who are interested—if you are satisfied with a railway being operated under such conditions and on the basis of such wages as these, when you are working long hours at small pay? As I have said, the railway management is helpless to deal with the matter. If Sir Henry Thornton and Mr. Beatty jointly should decide to-morrow that these conditions would be changed, that they would ask their men to get away from these war conditions and McAdoo arrangements and back to something like what the conditions were before, they would immediately be advised that there would be a walk-out; international labour, located down in Indianapolis or some place else, would simply order the men out. We own the road and we are paying the bills, but the international railwaymen tell us how we shall run it, what the conditions of labour shall be, what the remuneration shall be and all the rest of it. The management is powerless to deal with the matter.

The Secretary of State (Mr. Copp) yesterday took very strong exception to the Montreal Star for having written such articles as the "Whisper of Death," and he showed that in the same paper there were eulogies of several enterprises and activities throughout the country and references to the prosperity that was prevailing. That all may be; there is some prosperity in some directions. But I ask any thinking man who knows the conditions, as the Star must have known them, existing on the railways, the classification of labour, the wages paid and so on, if the Star was so very far astray when it made

references to the whispers of death. If these conditions continue as they have continued without objection from anybody in authority, how long will it be before these whispers of death are realized? How long will it be before the death knell of this country is sounded? Well, I do not mean that; the country is too full of possibilities; its resources are too great. Millions of acres in Canada, the best land in the world, are still unoccupied; there are untouched forests, untouched minerals, untouched everything else that goes to build up a country. If we get good, sane government half the time we can exist, but we need it part of the time, anyway.

The Minister of the Interior (Mr. Stewart) the other day, speaking on the budget consoled himself with the thought that this budget would sound the death knell of protection. I do not believe that; I do not believe it is the death knell of protection. I think the people who are advocating free trade now will sooner or later repent, will realize that they have been wrong, and come back to a sound way of thinking. I do believe this, however—whether it will be a source of gratification to the minister or not—that it has practically sounded the death knell of getting any more new industries into Canada, or any part of it. If that is any source of comfort to the minister; if he is delighted at our not only getting any new industries but at the killing of some of those we now have—well, I think his desires will be fairly well met. But as to the budget being the death knell of protection, the death knell of the prosperity of Canada, I think he is mistaken. I hope this government will very soon change their mind to a sound way of dealing with things. I do not know whether they really sincerely believe in the doctrine which they are preaching; if they do, I am sorry to say I think they are astray. If it is a question of expediency, let me say this: The very worst thing that could happen in any case would be for the government in power to be defeated on the budget. We were told last year by the Minister of Finance that we might consider the tariff of last year as permanent, or as lasting for some time, with slight changes. This thing of gerrymandering it as has been done this year, with the intimation that it is only a step—God knows how long the jump will be next time—is another matter. As I say, the worst thing that could happen the government would be its defeat in the vote on the budget, and to my mind that would be very much better than to ruin the country. That is my judgment; I may be wrong, but I do not think I am.

I have talked longer than I thought I would, Mr. Speaker, I did not expect to be able to continue so long, but the Lord gives strength where it is needed.

I have many other figures here as to the advanced wages and costs on the railways in the last ten years. As I said a moment ago, when everything was selling high there was some justification for these higher rates, but I do not think there was any justification for the short hours. I am a firm believer in every man doing a fair day's work for a fair day's pay, and I do not think short hours are in the interest of anybody. The rate of wages on the railways is not so high in itself, that is $69 for twelve days' work is not out of the way, but that same labour used to be performed if it took twelve or fifteen hours per day without extra pay. The agent lives at the station, and he has only to appear when his services are needed; he can sleep the rest of his time if he likes. He has only to attend to business when there is business to do. But it is this overtime and paying time-and-a-half for overtime that is sending up the costs. The same thing applies to other services. And I wish to say this—I have said it before, but it will not spoil it to say it again: I think it is about time this government or any other government that may succeed it, and which is taxing the people by every method and every means, as we are being taxed now, when they are getting all the money they possibly can get out of us, which goes in a great measure to pay for help—I think it is about time these people should be asked to work longer than five-and-one-half hours, as they do in the Civil Service, and many of them do not work half that time. This applies to every service under the administration of the government, I do not mean that there are not good men in the Civil Service, but the Civil Service is very much over-manned and very much underworked, and there is no reason in the world why this government should not say to the Civil Service and everybody else in their employ: We want a fair day's work for a fair day's pay. The pay is not out of the way but the service rendered is not in keeping with the wages paid, and at this time when we are being pressed for money to meet our bills I think the government should exact a fair and reasonable day's work from its employees. If we get that it will help to lessen our burdens a whole lot.

There is lots of talk of retrenchment, but I do not see much of it in practice. I would like to see the people of this country adopt some of Henry Ford's methods. What are the conditions of labour here? Let me tell you a little more about the railway system. The train that runs between here and Montreal leaves here at four o'clock in the afternoon or thereabouts, and makes the run in three hours, and the employees get a day's pay for that. Can any of you gentlemen carry on your farms, or could any industry be carried on successfully where a day's wage is paid for only three hours' work. For a round trip the engineers and firemen get two day's pay and a little over, because they get a day's pay for one hundred miles. Is there no room for remedy in this kind of thing? If this country is going to be successful, if we are going to build up a country in Canada, we must have things distributed more evenly, so that when a man does a fair and reasonable day's work he will get a fair and reasonable day's pay.

You will probably say that I am opposed to labour. I am not. I come from that class myself and I know something about it. I am an employer of labour, and of a lot of it too, and in my business we find that we have got to exact nine and ten hours a day of hard work. We cannot afford to pay the high wages some of these other people are getting for four or five hours' work a day, and I claim that it is unjust and unfair that men in our employ who are quite as intelligent and as capable in every respect should be working nine and ten hours a day when these other people are working only four or five hours and are getting higher wages. If we paid less freight we could pay more wages, but we cannot do it now without going into bankruptcy. Those are the conditions, and I am asking the government, as the only authorities who can deal with the situation, to say to international labour: We are willing to do business with Americans; we invite you to come here and do business with us and spend your money here, but when it is a question of running our own railways and fixing hours of labour, we will do that ourselves, because we have to furnish the money. We do not object to our men joining Canadian unions if they want to. I think it is only right and necessary that they should unionize to some extent in order to bring what grievances they have before their employers, but, to use the phrase of the Minister of the Interior (Mr. Stewart), I say that international labour will sound the death-knell for this country unless we get some relief from the present conditions and have something to say as to our own industries, and do not allow ourselves to be dictated to by international labour.

Mr. Speaker, I thank you for your indulgence and I hope that my good friends on both sides of the House will think over what I have said about these things. I have no hostility towards any class of men, but what I do claim is that conditions in our country at the present time are badly balanced, and if there were some attempt made to level up things and to give everybody a fair chance, there would be some inducement for our people to remain at home and for immigrants to come in here and help us bear our burdens. Unless we do that, I do not know how long we can stand the strain we are called upon to bear, but I am afraid not as long as it will last unless some remedy is provided quickly.

Mr. W. F. MACLEAN (South York): Mr. Speaker, I want to congratulate the hon. member for Sherbrooke (Mr. McCrea) for having been candid enough and honest enough to tell this House what he thinks, and especially to tell us what he thinks of the government's proposals for the reduction of the tariff. It is a good thing, and I would there were more of it, that men here representing their constituencies should tell their leaders and the House and the country what they think of the problems of the day that beset this country in every direction.

Speaking of the increase in costs, I hope the government will take into consideration the statements made by the hon. member for Sherbrooke, and try and administer public affairs so that they will cost less money. It is costing too much at this time to govern this country, and people are complaining of the cost in every direction. The Civil Service may be over-manned; probably it is. There should be an equality of treatment and an equality of wages as between the Civil Service and other work in the country, for it has got to be that the Civil Service offers what we call now a preferred position; the hours are short and the pay is high, and what is done for the public is very small in quantity.

The hon. member also spoke of reducing prices. I say it is up to the government to set an example, and they can set an example in this way. There is no reason now why the government should not restore the postage to pre-war rates. Let us get back to pre-war postage and say that we believe in the reduction in some of these charges. And now that the government is in control of the Canadian National Railways I see no reason why there should not be a return to

pre-war rates for passenger fares. I see no reason also why express rates, telegraph rates, and all similar charges should not go back to pre-war figures. If we do not commence we shall never carry these things out. In order to play on the harp we must play upon it; and if we want to get these charges lowered we must start to lower them. I hear complaints all over the country of these excessive charges and high prices and there is a demand for their reduction. Possibly that may be the justification of the government in cutting, as they think they are cutting, the tariff. They may be doing this cutting in the hope of giving people lower prices, but if that is their expectation I do not know that they will quite realize it. At any rate, we will wait and see.

Let me draw the attention of the government to these facts: The hon. member for Sherbrooke follows the hon. member for Brantford (Mr. Raymond) and the latter follows the hon. member for St. Lawrence-St. George (Mr. Marler). I also think we had a member of the Progressive party last night who said he could not vote for these tariff changes. It is time therefore that the government paid some attention to the public feeling, as exemplified by the representations of these hon. gentlemen. I am going to vote against both the amendment and the motion to go into committee of Ways and Means to reduce the tariff. I have always been a protectionist. My father was a protectionist and brought me up that way.

Some hon. MEMBERS: Oh, oh.

Mr. MACLEAN: Some hon. gentlemen may not like to hear that but I am proud of the fact. My father did a great deal to start the manufacturers' association in this country. He raised his family properly on ten or fifteen dollars a week although he gave his time to preaching protection. It did not pay us very much in the long run but my father was an honest protectionist. He believed in protection and preached it. I happened to know Sir John Macdonald in the old days, and the greatest thing he ever did for this country was to introduce the principle of protection for the development of Canada. I agree with my hon. friend from Sherbrooke (Mr. McCrea) who said that no country has become great that has only developed one side. There must be an equality of development, the country must be developed from the industrial as well as from the farming side. If that is not done, you are going to have conditions such as my hon. friend spoke of, and those are not in the interest of Canada or its people.

I want also to tell my hon. friends the Farmers' representatives that they are beginning to go back on their own ground. It has been pointed out here, to a large extent, that they believe in what they call farming or mining the land. Well, that will not do for the farmers. They are now beginning to engage in dairying and live stock activities. They are also in the bee business, and they will come to an industrial view of things later on. That is what I am going to discuss this evening. That being the case—with the change of sentiment in the government ranks and the statement by hon. members one after the other—five now probably—of their objection to the budget, the government may reconsider their course. Certainly the hon. member for Sherbrooke is going to raise his voice on the individual tariff items as they come up. If that is done—although I have very little hope of anything resulting from it—there may be some improvement in the government's policy. But I do say this—and that is why my remarks on the tariff tonight are so short—I am quite sure the question now before the people is the tariff issue. It is one of the great questions in the United States at the present time. The presidential election will take place this fall. I do not know what will happen over there but there may be a movement in the way of reducing the tariff. In the meantime I say to the Canadian manufacturers: Put up with what you have to put up with now. I say to labour: Put up with what you have to put up with now, and see what will happen next fall and next winter after this question has been threshed out all over the country. We shall hear nothing but the tariff discussed in Canada, and we shall get some idea as to what the people really think of this issue. If the Americans persist in closing their markets to us we may find a way of limiting them in certain of our markets to them. For instance, we may consider the putting of an export duty on some of the things they get from us. There are a number of measures we can resort to which may be in the nature of retaliation but are perhaps in the direction of fair treatment all round. The people are going to consider the tariff question and are going to talk on it and from the point of view on the whole that it is not so much the manufacturers who have to suffer as it is the workers in the factories. Many of our industries may be able to stand tariff reductions and may get through somehow; but the great trouble in regard to these changes is the effect they will have on our working people and on their wages.

I am going to take a little time in dealing with some other public questions and this is the time to bring them up. When there is a motion before the House to go into commitee of Ways and Means on the budget proposals opportunity is given to discuss any question that affects the public interest. One of the matters I purpose discussing is the wide and far-reaching revolution that is taking place not only in Canada but in almost every other English-speaking community in the world, and even in other countries—I refer to the substitution of the group or three-or-four party system for the old two-party system. I am going to give the House an instance of what has occurred in this country. The change is taking place here and it has actually become effective with the Progressive party in this House. In a speech delivered here only about eight weeks ago I directed attention to the revolution that is coming and the substitution of this group system for the old two-party system. I gave some instances of it, and I told the House that the government now in office were practically in a minority and they were in a minority as far as I could find out. I said then that some changes would be made perhaps, but I did not realize then that in less than four weeks more I should see the recognition of the group system in this country and in this parliament, recognition in such a manner as to indicate that the system had actually arrived, under which a minority in the House dictated the tariff policy of the government in office. This revolution has occurred in England. In England to-day a minority government are in office and have tackled the budget and put it through, and have met with a great deal of approval from the British people. That minority is in office and carrying on. But in this country a minority in the House has dictated the tariff policy of the government, and I believe there is no particular deal as between the two, because if there had been a deal there would have been a document of some kind, an agreement, and a coalition would have resulted. and three or four members of the Progressive party would have been taken into the government. But we do not see that. But the hon. member who has just spoken (Mr. McCrea) states that the Progressive party may come back and make further demands on the government which is in power. That is such a far-reaching change that nobody knows where it is going to end, we see where they landed in the United States; to-day the Coolidge government is in office, or rather the Republican party is supposed to be in power, but minorities have been elected in both houses of Congress so strong that the farmers' bloc, made up of insurgent Democrats and insurgent Republicans, in more or less alliance with the Democratic party in the main, have held up administration and all the legislation, and have compelled the President of the United States to remove two of his cabinet, and nothing in the way of legislation or administration is going through at Washington now, except with the approval of Senator Lafollette and the bloc I have just spoken of. These changes made in all quarters are so far-reaching that I do not know where they are going to land. A great change is coming on. People say: Party is party and will remain. But a great change is taking place in the minds of the people. A new remedy has been proposed. People are now taking more interest in affairs. The Progressives of the West have been compelled to take an interest in public affairs. I have been surprised to hear my fellow members during the session questioning the right of the Progressives to be in this House. They came here as the rest of us did, by the vote of the people; they have a right to be here, to state their case and to do as they are doing, dictating the policy of the government, if they see fit, and to carry it through.

I ask the Speaker to call it six o'clock, and this evening I intend to tell the House a romance in Canadian politics in connection with this revolution which has taken place, and I am going to submit on my own account a new national policy for Canada for 1924. I am going to tell the House of one of the greatest romances in history. The Minister of Justice (Mr. Lapointe) is going to be one of the parties concerned, but he is not a hero in that romance.

An hon. MEMBER: Have you copyrighted it?

Mr. MACLEAN (York): No, but it will be on the wire perhaps.

Mr. LAPOINTE: I believe I can listen to that.

Mr. MACLEAN (York): But the real hero, the lady in the case, is the Prime Minister.

Mr. LAPOINTE: I do not want to be a lady.

Mr. MACLEAN (York): You are not the lady. I will deal tonight with the romance of the political changes that have taken place and will tell the House what I think ought to be the national policy of Canada for 1924.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 88 for the relief of Jessie Ruth Haverson.—Mr. Sheard.

Bill No. 89 for the relief of Arthur Foord.—Mr. Arthurs.

Bill No. 90 for the relief of Harold Gordon Hendry.—Mr. Sheard.

Bill No. 91 for the relief of Karl Peter Hansen.—Mr. Ladner.

Bill No. 92 for the relief of Ethel Hadden.—Mr. Sheard.

Bill No. 93 for the relief of William James McLaughlan.—Mr. Ross (Kingston).

Bill No. 94 for the relief of Alyce Wilson.—Mr. Boys.

Bill No. 95 for the relief of Lemuel Burkett.—Mr. LeSueur.

Bill No. 96 for the relief of William Ewart Gladstone Pettinger.—Mr. Harris.

Bill No. 97 for the relief of Anna McGeachey.—Mr. Sheard.

Bill No. 98 for the relief of Antonio Pietranglo.—Mr. Sheard.

Bill No. 99 for the relief of Ella Vear.—Mr. McQuarrie.

Bill No. 100 for the relief of Anna Welton.—Mr. Sheard.

Bill No. 101 for the relief of Marjorie Mahaffy Cox.—Mr. Kay.

Bill No. 102 for the relief of Mary Elizabeth Milne.—Sir Henry Drayton.

Bill No. 103 for the relief of Georgina Myrtle Potts.—Mr. Mewburn.

Bill No. 104 for the relief of Guy Barrington Hutchings.—Mr. Spence.

THE BUDGET

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

Mr. MACLEAN (York): Mr. Speaker, just before six o'clock I was speaking on the motion before the House and I directed attention to the most peculiar and rather revolutionary event which has occurred, namely, that a government which was practically in a minority had had its tariff policy dictated by another minority. I know of no parallel case in our parliamentary practice. But I said there was a romance connected with this event which I would relate after dinner. Now, I am going to good authority—Sir Walter Scott—and if the House will permit I will read the Lady Heron's Song in the fifth canto of Marmion. It is about the adventures of young Lochinvar who came out of the west. This is the song:

O, young Lochinvar is come out of the west,
Through all the wide border his steed was the best;
And save his good broadsword, he weapons had none,
He rode all unarm'd, and he rode all alone.
So faithful in love, and so dauntless in war,
There never was knight like the young Lochinvar.

Some hon. MEMBERS: Hear, hear.

Mr. MACLEAN (York): My friends are ready for the part.

He staid not for brake, and he stopp'd not for stone,
He swam the Esk river where ford there was none;
But ere he alighted at Netherby gate,
The bride had consented, the gallant came late:
For a laggard in love, and a dastard in war,
Was to wed the fair Ellen of brave Lochinvar.

So boldly he enter'd the Netherby Hall,
Among bride's men, and kinsmen, and brothers, and all:
Then spoke the bride's father, his hand on his sword
(For the poor craven bridegroom said never a word),
"O come ye in peace here, or come ye in war,
Or to dance at our bridal, young Lord Lochinvar?"

This is where the moderato furioso comes in:

"I long woo'd your daughter, my suit you denied;—
Love swells like the Solway, but ebbs like its tide—
And now am I come, with this lost love of mine,
To tread but one measure, drink one cup of wine.
There are maidens in Scotland more lovely by far,
That would gladly be bride to the young Lochinvar."

I will illustrate that a little later on.

The bride kiss'd the goblet: the knight took it up,
He quaff'd off the wine, and he threw down the cup.
She look'd down to blush, and she look'd up to sigh,
With a smile on her lips, and a tear in her eye.
He took her soft hand, ere her mother could bar,—
"Now tread we a measure!" said young Lochinvar.

So stately his form, and so lovely her face,
That never a hall such a galliard did grace;
While her mother did fret, and her father did fume,
And the bridegroom stood dangling his bonnet and plume;
And the bride-maidens whisper'd, " 'Twere better by far,
To have match'd our fair cousin with young Lochinvar."

One touch to her hand, and one word in her ear,
When they reach'd the hall-door, and the charger stood near;
So light to the croupe the fair lady he swung,
So light to the saddle before her he sprung!
"She is won! we are gone, over bank, bush, and scaur;
They'll have fleet steeds that follow," quoth young Lochinvar.

There was mounting 'mong Graemes of the Netherby clan;
Forsters, Fenwicks, and Musgraves, they rode and they ran;
There was racing and chasing, on Cannobie Lee,
But the lost bride of Netherby ne'er did they see.
So daring in love, and so dauntless in war,
Have ye e'er heard of gallant like young Lochinvar?

Now, for a few comments. Imagine this chamber to be Netherby Hall. Then who is the young Lochinvar? Perhaps my friend the

leader of the Progressive party (Mr. Forke) does not quite fill the bill. But what about the golden Apollo who comes from the West—Calgary (Mr. Shaw)?—or a dozen others? But I am quite satisfied with the Progressive leader; he is good enough for the part of Lochinvar if he does the right trick. Here is where the drama begins.

"There are maidens in Scotland more lovely by far,
That would gladly be bride to the young Lochinvar."

Who are they? Is it my right hon. friend the leader of the opposition (Mr. Meighen) or the ex-Minister of Finance (Sir Henry Drayton)? My advice to them is that Lochinvar is not through with his adventures; he may not go on the rampage, but he may go looking for a charmer. If I were the leader of the opposition I would be as chaste and as attractive as Diana, and I would wear a gown, not of the cut now in fashion, but of a discreet length. Then he would be able to do as Tennyson makes the Yorkshire farmer advise his son:

Doänt thou marry for munny, but goä wheer munny is!

And if the right hon. gentleman should get in the way of Lochinvar the next time he comes around, we do not know what would happen. Then who is the fair Ellen? The fair lady sits over there—the Prime Minister! And the elopement? It took place when young Lochinvar from the West ran away with the Prime Minister of Canada! And between them they arranged the fiscal policy which is now before the House. Then I told my friend the Minister of Justice (Mr. Lapointe) that he was in the romance, but in another way. I was down in Quebec not long ago and I went to Wolfe's Cove where I used to go in the old days down with the rafts to Quebec. There I saw an old friend of mine, and I said to him, "How about the new Minister of Justice?" "Oh," he said, "Maclean, he good man, he bon garçon." I said, "In what way?" He said, "Well, he was over in the Old Country; he went to see King George and then he went to see the pope. The pope asked him how Mr. Hocken was getting on in Toronto and whether Tommy Church still played the kazoo in the People's band." Then I said, "Now, what about the minister?" "Oh" he said, "He is big man. He came back from that trip to England, he came to Quebec and said to me, 'You ride a horse?' and I said, 'Yes.' He said 'Then you come with me.' So we went right out to the West, up to Saskatoon or some place. The minister got a list of all the members of the Progressive party. We got on a couple of cow ponies and we rode out and rounded up all the members of the Farmers' party; we got the ropes on them, brought them into camp, and delivered them to the Liberal party." Now, my hon. friend the Minister of Justice did not say that; it was said by this friend of his, who had a great admiration for the minister's political abilities; he pointed out that the Minister of Justice had rounded up the Progressives. Personally I do not think he did that, but a great many people in Quebec give him the credit for it. The real thing was that the Lochinvars of the Progressive party eloped with the Liberal party and the leader of the Liberal party, and a marriage took place.

Now, what about the morals of it? To my mind there was nothing immoral in it, but the Prime Minister should have admitted the whole case frankly. He had been an observer like I was, and I observed this wonderful change in our political institutions, a change that has occurred not only in Britain but here and in the United States, namely, the substitution of the group system for the two-party system. He cannot get away from that; it is the predominating feature in politics today. In England a minority is in power; the same is true here, as it was in Ontario before the change, and even yet there are three or four groups in that province. I believe that when the election comes in British Columbia in a few days you will see the group system come out there too. It is just a question of the signs of the times, and if you are in politics and you are not guided by that fact I do not know where you are going to land. It is all very well to denounce the group system, but it is here and the proof of it is in the story that I have told you. My friend the Minister of Agriculture (Mr. Motherwell), the Minister of the Interior (Mr. Stewart) and some other gentlemen get up and say to the House "We did not run away with the girl; she was always of our kind, of our tribe." Well, if that is so, if the two parties are the one party and the policies are the same, why all the rough riding that we see in this House? The member for St. Lawrence-St. George (Mr. Marler) is rough riding; the Eulers are out; the McCreas are out; the Raymonds are out; the Elliotts were out last night, and I do not know how many more. If the two parties were the same, you would not see all this rough riding, but there you have it. It is my one criticism of the Prime Minister that he should have frankly and freely come out and said: "I recognize the revolution that has occurred in parliamentary institutions and I am going to do what Ramsay Mac-

Donald is doing to-day and what other politicians are doing elsewhere—carry on government by negotiation between groups rather than by the opposition of one party to another." That is the change: The revolution consists in the carrying on of government by negotiation between groups rather than by fighting between two parties. I know that many of my hon. friends around me will say: "Oh, we are going to get back to the old two-party system." Not quite in our time. So the criticism I make of the Minister of Justice and of the Prime Minister is that they should frankly confess the existence of this condition and the fact that their action was based upon it.

I want to get back to the question of how it all happened—this romance. All that happened was a gesture; one kiss and one whisper in the ear, and apparently the deed was done. That is the way politics are going to be carried on now for some time, rather than by discussion. These things cannot be called "deals," because if there was a real deal between two parties an agreement would be drawn up and the result of that agreement would be a coalition; there would be Lochinvars in the government to-day if that were the meaning of it. But that is not the meaning of it, because Lochinvar says:

> He took her soft hand, ere her mother could bar,—
> "Now tread we a measure!" said Lochinvar.

Lochinvar is going to tread measures with her half a dozen times before he is through, because as the member for Sherbrooke (Mr. McCrea) said this afternoon, God knows where it is going to end. There is going to be another treading of measures. They talk about just "one cup of wine," but I watched the King's treasurer, the minister who has charge of revenue in this government—I watched him across the floor of the House the other day, and I did not think there was very much on. But somebody had evidently called out for a drink, and he jumped up in the House and he offered a goblet of the real old stuff. All kinds of further reductions are promised; there is to be another measure trod between our friends down the line and the Minister of Finance. There will be a great many more; we do not know where these things are going to end. But the point of the story—and I know all my friends here may not accept it, and hon. gentlemen across the way may not accept it—the real thing in politics to-day is the fact that, the world over, the two-party system is more or less at an end. The group system has come, and instead of the fighting between two parties there is the carrying on of negotiations. You will have the greatest example of it in history in the United States when they come to the issue as they will late this fall.

I asked you, Mr. Speaker, to pardon me for telling a romance on the floor of this House, but it is good to get back to romances occasionally. I would not have been able to tell that story to-night had I not been brought up on Lochinvar at my mother's knee. She used to tell me that story of old, and when I thought of it the other night the whole thing visualized itself to me as I have attempted to depict it here to-night. It is just an elopement of two parties; it is up-to-date, and we do not quite know what will come of it.

Now, I promised the House that after I had told the romance I would give my outline of what a fiscal policy for Canada at this time should be.

An hon. MEMBER: It is a tragedy, not a romance.

Mr. MACLEAN (York): Well, it may be a tragedy. I told the House I would give my policy, and it is only my own, for 1924 for the people of Canada, and especially for the Parliament of Canada. I am going to read it, and then I will make some brief comments on it.

A New National Policy For Canada, 1924.

1. A fiscal policy that will keep and build up our industries, gain for us new ones, and give employment at good wages to our home workers.

That is my idea of a tariff policy for to-day, and that would probably be the only plank that can be disputed in this platform. The next is a rather important one, and quite up-to-date.

2. Public support of public services owned in whole or in part by the people; transportation, communications, power. Also co-operation and joint user with competing services where same may be in the public interest; all these services at cost.

3. A national system of banking with rediscounts, including credits for farming as well as for business and industry, based on national notes and national currency; to include postal savings banks and marked cheques thereon.

This is a subject we had up for discussion in the Banking and Commerce committee to-day, and it will be up again to-morrow. I have given a real plank on banking for this country, I think.

4. Development of the St. Lawrence waterway for navigation and power.

Now here is one I have especially for the Maritime provinces and the western provinces, and you will see where it leads to.

5. Electrification of the National railways, and in connection therewith, co-operation with the provinces or municipalities for the distribution of power in areas adjacent to the transmission lines of the National railways.

6. Encouragement of national and other co-operation to develop sales and export of Canadian farm products. Also to secure therefor the lowest transportation charges by land and sea.

7. To defend our country and yet ever aim at reducing the evils of war by co-operation with other nations in disarmament and the erection of a world court of arbitration.

There is a plank that goes home to everyone. It goes home to all the mothers, brothers, widows and sisters who lost their friends in the war. I have not a word to say against war in the past, but the world is lost if it does not find a way to end war. There is no hope for humanity if we cannot stop war, and it will not be stopped by fighting but by more courage on the part of public men and public women, and their getting together with church societies of all kinds and uniting, not quite to stop war for the present, for we will all fight for our country, every Canadian will do that, but in view of our experience we want to see if something cannot be done by co-operation between nations, first to reduce armaments, and then to get a world court to settle these disputes between the different nations.

Let me just go over this programme again and make a few comments on one or two things. First of all, on a national banking system for Canada. We have had that up before us in the Banking committee, I know I am charged with being an enemy of the banks, because I have the hardihood to propose that we ought to improve the banking system in this country, something after the manner in which it has been done in the United States, and banking in the United States is based on the credit of the nation. They do everything there on the credit of the nation. They have any number of banks with an immense capitalization, and all these banks make a great deal of money, and they make it under the National Reserve Bank system. Why cannot we have the same thing in this country. As I told a friend of mine to-day who was speaking to me about the tariff: "True," I said, "the tariff is a great issue in this country, but the biggest issue in the next election is going to be the banking law of this country."

Now I pass to this other proposal of mine with reference to the St. Lawrence waterway. I am glad to know that the government is taking that up, and I was glad to see notice given by the Minister of Railways, (Mr. Graham) the other day that he has already appointed his members on the Joint Advisory Commission, and I hope there will be a further announcement any day. I went over to the department here in Ottawa that has charge of the development of water-powers in Canada and I got their reports on the matter; they are available to any gentleman that wants them, and they show a system for electrifying the whole of Canada from the Pacific to the Atlantic. Sir Adam Beck's system of hydro-electric development in Ontario is the most successful experiment in public ownership of any service like the distribution of electrical energy, and he is applying now for Cornwall island on the St. Lawrence, where he is going to develop an immense amount of power. It will have to be done there in an international way, and the Americans will get half of the power developed, I presume.

In the province of Quebec, at Sault rapids, they have enough power to drive every train from Quebec right up to where they meet the Ontario system, and the Ontario system goes up to lake Superior, where you have the Nipigon hydro-electric power, and then on to Winnipeg. After you get out of the electrical influence generated at Winnipeg, you come to Saskatchewan and Alberta, and the experts of the department, as I see by their reports, have come to the conclusion that you must generate energy for these two provinces by means of great steam plants fired by coal or lignite. They have lignite in Saskatchewan and an abundance of Alberta coal. The great secret of the electrification of railways is the wonderful progress that is being made in high voltage transmission over long distances, and the Edison men are to-day perfecting a system whereby they can transmit a million volts through a wire over long distance without any great waste, and with a wonderful distribution of power. So that means that the electrification can be done at half what it costs now; it also means a substantial reduction in freight rates.

As to the Maritime provinces, my suggestion is that as they have no great water-powers, they develop these large steam plants at the pit heads of their mines for the distribution of electrical energy. I was reading in one of the American papers only yesterday that the American Electrical Company are building to-day generators that produce 75,000 horse-power in one unit, and you have only to increase the number of units to get all the power you want. So the real policy for Canada to-day, if we want to give some relief to the eastern provinces, and to do something to make the West more satisfied, is for the

Dominion to undertake the electrification of the National railways.

In the provinces outside of Ontario and Quebec—in the West and in the East—let there be co-operation with the provincial governments and municipalities in generating enough electrical energy not only to drive the railroads and provide power for the industries but to light and perhaps heat the dwellings of citizens. You in the West and in the East want power as much as we want it in Ontario. In that province to-day we have the distribution of electrical energy at cost. If they can have that in the East they can have it in the West. In Ontario we are spending money for this purpose and the money is a paying investment. The country will make money out of such an enterprise and it will reduce the cost of transportation. The railroads may have to scrap some of their engines, but the cheapest thing to do with equipment when you find something better is to scrap it. So my suggestion, and it is a practical suggestion, is to go on with the waterways right away, and with the electrification of the railways. If you electrify the railways you can connect up with the Temiskaming and Northern Ontario railway. Sir Adam Beck has a scheme for the electrification of that system and giving power to the mines. The railway service can be extended to the mining districts in northern Ontario and Quebec, and in that way there will be a great revival of business in Canada. The thing to do in this country in order to get industry going is to electrify the railways and give employment to the people. If that is done not one dollar will be lost. As Sir Adam Beck has shown, by doing this you realize a profit which meets all the costs, provides for a sinking fund and gives the people a service at a very low rate.

My principal reason for speaking to-night is to direct the attention of my hon. friends in the Maritime provinces and in the West to the proposal for the electrification of the railways so that they may embark upon an admirable scheme of development such as we have in Ontario.

Mr. CHURCH: Could you get anywhere with your programme under the group system of government you have been boosting.

Mr. MACLEAN (York): I do not know whether you would or not. My hon. friend knows as much about it as I do and can work the question out for himself. My idea is that even if we do have to go to the group system it will not be a bad way to bring about what we desire.

Mr. CHURCH: Do you think there would ever have been a hydro-electric system if we had had the group system of government at the start? Did not Ontario vote out the group system last June three to one?

Mr. MACLEAN (York): I am not to blame for that. My hon .friend himself went out and fought in the campaign and as he says they were defeated. I do not blame him, I know what took place. There is a fight of the big interests against Sir Adam Beck. There I leave the matter.

Now, I want to say a word or two in regard to the great railway that opposes the National Railway system in this country, and that is the Canadian Pacific. I have much admiration for that road, it has been made a great success; but there are men in Montreal who have joined the Mount Royal bloc, as I would call it, the exponents of which are the Montreal Gazette and the Montreal Star. They are preaching a queer doctrine—not only the doctrine we heard this afternoon, "that gloom, and the whispers of death, and everything else will come to Canada"—but there are men in Montreal who are saying—I put it right up, perhaps, to the Canadian Pacific, certainly to some of the banks and Bankers' Association—that in some way what I would call "the Mount Royal hookworm" has got into the National railways and into Adam Beck's hydro-electric system in Ontario. They are continuing to preach that doctrine, and that is the attitude of this Mount Royal club, if we may call it such. Now, that cannot go on in this country. There is lots of room for the two railway systems, if we have to have them, but it is going to be an expensive thing for Canada. I should like to see the Canadian Pacific, in some way, join up with the Canadian National Railways. In the platform I lay down here to-night I left a saving clause:

> Co-operation and joint user with competing services where the same may be in the public interest.

There is no reason why the Canadian Pacific should not work in with the Canadian National Railways. There should be joint user, at least, and other things of that kind. They should take an example from the Hudson's Bay Company; the great thing for the Canadian Pacific to do would be to cash in like the Hudson's Bay Company, so that our two railway systems might get together. Some people might not like that. They might say, "We want competition, and amalgamation would not pay." But we heard from the hon. member (Mr. McCrea) this afternoon about the awful charges on the country in the way of railway cost. And the railway costs have got to come down in Canada. We have

too many railroads for the population, there is far too great a mileage, and some plan ought to be worked out in the future by which we could greatly lessen the cost. It may be that a government made up of groups will yet take up this problem and find a solution for it. There never was such a fine, complete and well organized system as the hydro-electric system of Ontario. There is not a bit of graft in connection with it. Some mistakes may have been made but no graft has been shown. There has been an amortization of the whole cost and the people get electricity for light, heat and power at a very low rate. It is the greatest public ownership service in the world. Another fine example that is attracting a great deal of admiration is the street railway system of Toronto, which the people there now control. It is the best street railway system owned by the people to be found anywhere.

I want to point out to the Minister of Railways that all the steam railroads of the United States have their plans made for the electrification of their systems by the development of electricity from steam. They have their plans and estimates and are going to do it. Plans have been made for the same thing in Britain. But we in Canada are in a position to be there first. With the transmission lines of the Canadian National Railways we will be able to put power into the Maritime provinces and into the western provinces, to say nothing of British Columbia. We can develop all the electric power we want and can move every railroad train in Canada, from the Atlantic to the Pacific, by electrical energy generated either by coal or by water-power, and cut the cost of transportation in two. That is the way relief will come to the farmers of the West. Perhaps when they get some electrical energy for distribution out there they will cultivate some new industries and may ultimately become protectionist to some extent—because farmers have turned protectionist before—and will come to view the question in the same way that I do. At any rate I throw out the suggestion.

I will not detain the House any longer. I should like to have followed my hon. friend from Sherbrooke (Mr. McCrea) to a greater extent, but coming right back to the issues of the day that confront us here, I want to know if the policies of the Liberal party and the Farmers' party are the same. If that is the case why do we see the "rough riders," the several hon. gentlemen that I have named, riding up and down this House. At any rate the two parties have found a way to get together even if that was brought about by an elopement. There has been an elopement and there may be fusion now but perhaps there will be disunion later on. If the young Lochinvar is going to ride again my advice to my hon. friends on this side is "Watch him and look your prettiest."

Mr. HAROLD PUTNAM (Colchester): In common with other hon. members of this House, I am sure I enjoyed the interpretation of the hon. member for York (Mr. Maclean) of Lady Heron's song. We on this side of the House consider it distinctly complimentary that the Lochinvar from the West should come to this quarter for his bride. It is absolutely true, even on the hon. gentleman's own showing, that the lover who was not a laggard in love and a dastard in war, passed over completely the old-time Tory party. In that particular respect the party at the head of which the hon. member for York (Mr. Maclean) sits to-night, reminds me of a title of a play on a billboard. I have not seen the play but the title is "The Unwanted Child."

Now, Mr. Speaker, to be a little more serious, I know that just now we have superior critics who are apt to regard the whole debate on the budget as a rather academic, lame or rather useless affair. I do not share that view. I think at no time in the history of the country was it more important or useful that we should have, as we have been having, a fair and intelligent debate upon the issue of high protection on the one side or of lower protection upon the other side, and I have comfort in the fact that as yet we are to be followed by the great leaders on each side, belonging to each group; and that therefore we who are private members will find ourselves in the good company of the leaders who are taking this discussion seriously, and who are regarding it as useful, or of course we would not hear from them at all.

Allow me, Mr. Speaker, to pay my humble tribute of congratulation to the Acting Minister of Finance upon the manner and the clarity of method with which he presented the budget this session. As that occasion approached we on this side at least were almost prone to think that a budget deliverance in these latter days of Liberal rule without the great Fielding would be something like the notable play of Hamlet without the central character of Hamlet himself. All the Empire knows, that, overshadowed as he is to-night by an illness which we trust is temporary, there is only one Fielding, and to-day Canadians in general know and realize

that there are very few Robbs. As a Liberal of the old school, I hail with frank gladness the fact that this particular budget takes a practical step away from the device and the idol of high protection in this country. In my view and according to my teaching, customs tariff is nothing but a tax. It is as surely a tax as a disease is a tax upon one's physical strength, just as surely as in the time of the Bible and ever since we have had the unwelcome presence of the tax-gatherer in one form or another. I have no doubt that to-day the overwhelming mass of the people of Canada accept as a maxim the fact that the customs tariff is a tax.

If we go back to the year 1878, we find a time when a young politician came upon the horizon, and a time when commercial depression was to some extent overspreading the whole world. We were then even a younger nation than we are now. In the throes of those dull and slack times the people were in a mood to listen to something new, and the man who afterwards became Sir John A. Macdonald painted a picture which predicted that villages would spring into towns and towns into cities, and that the very music and hum of industry and a perpetually balanced life between the urban and the rural population would obtain. It is too bad that just then too many Canadians forgot the wholesome axiom that the customs tariff was after all a tax. But now, after almost fifty years of an experience, which has been disappointing to say the least, I think that the man who to-night would come forward and dispute the proposition that a customs tariff is a tax would be in that position where he would find that none were so poorly equipped with economic knowledge as to do him reverence.

How has this fallacy of protection been supported by its own sub-fallacies for so many years? Because there are a few clearly defined fallacies which have been kept alive. One of the first is the very fallacy which was born under the promise of Sir John A. Macdonald himself that it would be of brief duration, and that it would be removed when once the manufacturers had ceased to be any longer infants and babes in their career. There is no doubt that that promise was made and that it is historic; and in that very promise we can see that at that time this astute young politician, as he then was, did perceive that throughout Canada there were those who well knew that the customs tariff was only a tax, and to placate them he made this promise that the burden would be of brief duration. We know that that promise has not been fulfilled. We know that the fallacy consisted of a carelessness in allowing such a condition as that to go on, forgetting that once a protected beneficiary obtained a hold under the device and the advantage of the tariff, the beneficiaries would fight to the last gasp to retain that hold, as the hon. members on your immediate left, Mr. Speaker, are fighting at this particular stage.

Another fallacy—and I refer to it only briefly—is the fact that in the semi-sacred name of loyalty time and time again this policy of high protection was allowed to live, on occasions when, in 1891 and again in 1911 at least, there was a fair opportunity to largely do away with it, so that we might have unhampered trade with our great neighbours to the south. Again it is difficult to see just the connection between the theory that to lower the customs tariff here would mean any lessening of our devoted ties to the Old Land; but that fallacy seemed to be very pronounced at that time. Allied with that we have the fallacy that we should not trade too freely with our border nation. We have been told—though we have nothing but the snow, the ice and the Eskimo in the North with which to seek commerce—that we should not think of trading too freely with our great neighbour to the south, and that there would be a loss of our self-respect in doing so. Again I say that by the fallacy of pretended patriotic duty we were buncoed out of a fair share of trade with our neighbours to the south.

There is one more fallacy which occurs to my mind—I do not for a moment say that I have given the whole of them—which has kept the greater fallacy of protection alive and going for such a long while. That is the fallacy that if you help the secondary industries of the country, no matter how prematurely, no matter how ridiculously, you thereby help the initial and primary industries of the country and the consumers in general. It is especially held up to view that if you pile up tariff walls as high as Haman's gallows around the factories and industries, you will thereby provide markets for all the agricultural interests of this great and diversified country. It seems to me that those who come forth as bargaining orators with such a proposition as that have a very heavy burden of proof against themselves, because at this particular time they do not dispute that if you crowd protection upon these secondary industries, you will produce higher prices for what has to be bought by those engaged in primary industries and by

consumers in general. Nobody disputes that at this stage of our economic argument. Having submitted to the bargainees, the consumers, farmers, labourers of this country, the proposition that protection itself means a higher price for what they have to buy, is the burden of proof not strictly against those who proclaim that? Yes, but they say, we will give you compensating advantages in the shape of a stiffened and enlivened market for what you have to sell. The burden of proof is against those who propose that bargain or proposition. I say with all confidence that that burden of proof has not yet been discharged in all the arguments, real and academic, which we have had for half a century in Canada. Throughout this discussion, nobody on your immediate left, Mr. Speaker, has discharged that burden of proof or shown that in return for the detriment of those higher prices and that higher cost of living, they have got or can get back any corresponding advantages which will outweigh that disadvantage in the welfare of the country at large.

This budget proposes to reduce the customs tariff, and thereby it reduces the expense of production. Thereby, it reduces the cost of living, and for that blessing I, as a consumer, feel profoundly thankful. But that is not the main significance and importance of this budget, which lie deeper. I take it that the main significance of this budget lies in the fact that it provides recognition of this fact, namely, that you must relieve the primary industries in this great country of the burden of high protection in order to have the fiscal soundness for which we seek.

Mr. LADNER: Does the hon. gentleman state that we have high protection in Canada?

Mr. PUTNAM: That, to me, is much a matter of the viewpoint of the one who analyses it.

Mr. LADNER: What is the hon. member's viewpoint?

Mr. PUTNAM: From my poor remarks thus far forth, is the hon. gentleman still under the belief that I consider that at this time the protective tariff is not too high in Canada?

Mr. LADNER: I have not heard the hon. gentleman's remarks thus far forth; I might have heard the ones that he has just delivered; but, in my judgment, he has made a very general statement in regard to the tariff without specifying.

Mr. PUTNAM: I should hope that the hon. gentleman might be able to draw a very few palpable deductions. I do not propose to be questioned for the mere sake of interrogation. It is a tribute, I think, which I pay to the hon. gentleman's intelligence that I refuse to answer his question. I was going to illustrate that if I were a wanderer in an arid country and very thirsty, I think, as a man still retaining my common sense, I should look for water.

An hon. MEMBER: Why water?

Mr. PUTNAM: Because this is Ontario. If I should reverse the process by looking for some dish out of which I might drink the water if I should find it, I should be in the position of those protectionists who tell the farmers that if they would only first and now give them ample protection on secondary industries, all would be well with the farmers. I remember travelling in the Rocky mountains and meeting there an Irishman. He was taking frequent drinks from a bottle, not of water —this will interest the last interrupter—and he did this under the pretence that when he poured whisky down his own throat, it was an excellent cure for his wife's corns. While the connection may be a little remote, I think it is just as intimate and logical as in the case of the protectionist who is telling the men from the plains on his left that protection in Canada is the cure for all their ills and that high protection will assure them the prosperity of which they have long been in fruitless search.

At this particular time, if any policy could be devised which would be really a national policy, it should be hailed with delight. We have been taught over and over again, and correctly, to act nationally, to think nationally, in this Canada of ours. I submit that protection itself is the very reverse of a national policy. It subsidizes some industries at the expense of others and of the consumers in general. I listened with interest to the amendment which was moved by the newly elected hon. member for Kent, N.B. (Mr. Doucet). It seemed to me that, when we have here a place for the leader of the opposition, a place wherein he is paid for his distinguished and, in the present instance, I will say faithful services, it is almost a pity in a constitutional sense, not questioning for a moment the ruling of the Speaker, that that amendment had to go by the board because here was an opposition led by a leader highly paid for the job and they could not use their own amendment as a nucleus round which to rally and express their views upon this tariff. But having said that much when I come to the merits of the amendment itself, when I come to the con-

tradictions in terms in that amendment, I am exceedingly glad that it received the still-birth which it did, because it claimed that we should consistently maintain protection. I do not think the most fervid or perfervid protectionist in this House or in this country will maintain in his reflective moments that there is any such thing as consistent protection. I do not think Mark Twain, in the very height of his deliberate drollery, ever put words together which were more self-contradictory than the word "consistency" and the word "protection". We all know, and every man especially, I take it, who has ever been in the cabinet secrets of any government, will know that when delegations come to them asking for more protection, it is absolutely guesswork as to when you are arriving at a system of justice if you are going to monkey with protection at all. I challenge any man to frame a protective policy which will be consistent and deal out even-handed justice. And the converse is true, as we heard the other day from the entertaining glimpse which the hon. Solicitor General (Mr. McMurray) gave us behind the cabinet scenes. He said that as delegations arrived to oppose various reductions in the tariff on one item or another, their never-failing argument was that if one particular reduction went into effect some other cognate or similar industry would be more favourably placed. I am free to confess that you cannot reduce duties wholly consistently, even if you do so gradually, as this government is proceeding to do. As it is axiomatic that you cannot build up tariff walls with absolute consistency, so you cannot take them down with absolute consistency. Therefore I have no doubt that of necessity criticism will be levelled here and there against the government in that its downward trend of tariff duties is not entirely harmonious and consistent. The tariff itself being inconsistent and mischievous, unless you do away with it at one fell swoop, you have to go through a period of conflict and inconsistency in getting back to a normal business basis. Consequently I humbly ask our Liberal friends throughout the country to bear with the administration in avoiding as best it can glaring inconsistencies in tariff reductions while making no pretence that its policy of tariff reductions can go on without inconsistency any more than that a tariff can be built up without inconsistency.

Mr. RYCKMAN: Is my hon. friend in favour of or against any measure of protection at all in the tariff of this country?

Mr. PUTNAM: That question, Mr. Speaker, could be easily and categorically answered, but I am going to inflict only a short speech upon my hon. friends, and I should like them to take it for granted that I shall not resume my seat and leave that obvious question wholly untouched.

Mr. RYCKMAN: I accept that statement. I hope my hon. friend will not sit down before he answers the question.

Mr. PUTNAM: When we are asked whether or not we should do away with protection altogether we have to take into account the particular industry which will be affected. It is very hard to lay down in one sentence any rule that will suit my hon. friend or any other hon. member. We have to take into account that there are factories which may have been in operation and getting on nicely before protection was adopted as the fiscal policy of this country. In such a case I do not deny that this factory could make more profit after protection came into effect, and consequently it could pay better dividends. In this event what will happen? If dividends are doubled by the application of protection, the owners of the industry will resort to the very common device of watered stock in order to conceal from the consumer the extent to which he is exploited. But a factory which springs up under protection is in a different category altogether. Protection itself raises the price of everything that goes into that industry, it raises the price of labour and the cost of living, and the result is that the factory will require a larger genuine capital and will be started under more onerous conditions. Now, if you take protection away from that industry what happens? Unless the protection is withdrawn gradually that factory will be subjected to certain hardships. Therefore the two cases are dissimilar. When you are dealing with a factory founded before protection was applied, the process is comparatively simple; you have only to scale down the capitalization, in other words, squeeze out the watered stock—and if somebody gets burnt by having dealt in that watered stock he is not to be pitied. But the process is altogether different when you are dealing with a factory established under protection; the scaling down of tariff duties has to be done gradually with due regard to the new conditions which that factory may from time to time have to meet; and this, I take it, is the policy of the government in regard to the present budget.

With respect to the amendment which the hon. member for Kent has moved, and where-

in he speaks of "consistent protection," I am sorry he is not in his seat to-night, because I did want to wish him all the joy he can anticipate in telling the people of the Maritime provinces—who are depressed and sometimes discouraged as a result of half a century of the experiment of high protection—that "consistent protection" is the panacea for all their economic ills. He came up here as a new recruit with all the prestige which accrued to him from being a Tory representative from the Maritime provinces—they are so scarce—and with the tumult of his by-election still ringing in his ears, he propounded the doctrine that consistent protection is the cure for the economic ills of the Maritime provinces, I hope he will enjoy all the favour he shall find in the eyes of his people when he goes back and tells them a story so old, so ridiculous and so well disproved by weary decades of painful experience,

Now, Mr. Speaker my proposition is that a genuine national policy of tariff reform must assert the principle that freer trade is essential to the welfare of the nation as a whole, that the tariff must be regarded purely as a means of raising public revenue, and must proceed to the attainment of these objects by degrees. Protection in the best sense of the word is neither a national blessing nor a truly national policy, because it ignores the natural sequence of industries. What is that natural sequence? What is the business of a great and young country like Canada? Is it not in the first place to develop its primary industries, to see to it that there is a fair economic condition obtaining amongst the farmers, the miners, the fishermen and the lumbermen? They were here first. We have millions of acres of cultivated land: How many of them were selected by the hardy tillers of the soil with any regard to the nearby location of some so-called home market? In some cases there may have been such choices, but in the aggregate the farmers of Canada ignored the question of home market, realizing full well that they had to depend for a return for their products upon the unfettered market of the world. The farmer wants to be let alone. He realizes that he must sell his products in open competition with the world. The protectionist says to him. "You shall not buy what you wish in the open market; we are going to make you swallow protection and make you pay an inflated price for what you have to buy." The more healthy the condition of the primary industries the greater will be the field for the development of the secondary industries. When you attempt to induce too premature a development of the secondary industries, at once you inflict harm upon the primary industries, increase the cost of living and make it more difficult for those engaged in the primary industries to get their products ready for such market as there is, the surplus product being destined for export to the market of the world.

We are told, and correctly told, that one of the great hopes for the future of Canada is multiplied immigration. It has been agreed by all parties and by all governments that our immigration should consist of selected agriculturists, of those who can make a success of farming—bona fide farmers who will stay on the land. My Conservative friends agree with me in that as well as my Progressive and Liberal friends. It has been the tenor and tune of the speeches of those to your immediate left, Mr. Speaker, in this debate that the welfare of farming depends upon the protection of the secondary industries. I would ask hon. gentlemen to your left if they think we should modify our propaganda among prospective immigrants in the congested parts of Europe? Dare we put a rider in our immigration propaganda to the effect that the ultimate success of agriculture in Canada depends upon whether or not a high protective tariff is maintained? I challenge my hon. friends opposite to this test of their honesty and sincerity, when they say that farming is dependent upon the protection of secondary industries. Dare they, in the light of common sense, say that the immigrants should be warned that if protection is whittled away in Canada the success of farming will go with it; that if we adopt a purely revenue tariff or aim at the goal of free trade, the field for farming in Canada will be over?

Mr. RYCKMAN: I accept the challenge, and I say yes.

Mr. PUTNAM: The hon. gentleman thinks we should make that change in our immigration propaganda?

Mr. RYCKMAN: If you say that this country shall not have a protective tariff that will reasonably protect industry, then the farming community will suffer and we have no reason to ask immigrants to come here and undertake farming.

Mr. PUTNAM: Will my hon. friend tell us what sort of tariff would reasonably protect industry, to use his own phrase?

Mr. RYCKMAN: I have spoken once in the budget debate, but I hope I may not have to speak again. I can only reply by asking my hon. and esteemed friend to answer the question that I put to him before, and I hope

he will not sit down without answering it: Is he in favour of a protective tariff for this country—any protective tariff?

Mr. PUTNAM: I did not forget my hon. friend's academic question, although it was very much out of order just at that stage. Let me ask the hon. gentleman another question—because I am not afraid to make the discussion a little conversational. When he says he believes in modifying our immigration policy to the extent of warning immigrants that if our present protective tariff is lowered the field in Canada for those immigrants will be uninviting, does he speak for himself or for his whole party?

Mr. RYCKMAN: I generally speak for myself, and I am prepared to take the consequences of what I say. If the hon. gentleman wants to advertise to the world that this country is prepared to accept a tariff that is not protective he will not have any sympathy in connection with the result obtained if he seeks to get immigrants. He cannot hope for success if the policy of this country is going to be no protection at all—or free trade, which the hon. member would seem to be arguing for.

Mr. PUTNAM: If the hon. member were in a position of enough prominence—and I say it without disrespect—to look to the good of the whole world, would he advocate a protective tariff—

Mr. RYCKMAN: Looking to the good of the whole world I am simply a back bencher.

Mr. PUTNAM: I put an "if" to it, as my hon. friend must have noticed. I suppose my hon. friend agrees that very largely the products of the farms of Canada must be exported to foreign countries to find a market.

Mr. RYCKMAN: Less than 20 per cent.

Mr. PUTNAM: My hon. friend seems to be in favour of every country in Christendom putting up tariff barriers and having its own protection. Where would he find a foreign market if every country resorted to the device of protection, a device which has the effect of keeping out the products of other countries? Occasionally we are told—and I dislike repeating what I very poorly said in the short speech I made in the debate on the Address—that the protective policy of the United States is proof that protection itself will not disturb the sequence of events in the building up of the industry of a new country. I deny in toto that proposition. The United States has a great variety of climate and soil conditions. The labour of man applied to the various sections of that country in all its different capacities produces a variety of products almost infinite in their complexion, and within that country those products are exchanged on a basis of free trade. It was not until the period between 1816 and 1830 that any tariff legislation was enacted in the United States.

From 1830 to 1860 was a period when the tariff of the United States was entirely non-protective in its aim and in its scope. I want for a moment, with a very few figures, to show hon. gentlemen that in that particular period the United States had the greatest percentage of growth in its population, and an enormous growth, and I think the greatest percentage growth, in its property values. From 1830 to 1840 the increase for taxation purposes in the property values of the United States was 53 per cent; from 1840 to 1850 an increase of 80 per cent, and from 1850 to 1860 an increase of 126 per cent. I have not the later figures, but my reading leads me to believe that there has been no such percentage of increase in property values after 1860, when high protection was more frankly applied.

In 1800 the United States had a population of 5,308,000; 1830, 12,866,000; 1860, 31,443,000; 1890, 62,947,000; 1920, 105,710,000, Enormous as those last growths of population are, they do not represent as high a percentage in growth as those earlier figures which I quoted, which were given as and for a time when the United States had a tariff for revenue only, and when there was no element of protection in their tariff whatsoever. Thus we see quite clearly that this high protection was not the basis and the nucleus of the great growth of the United States, and therefore that furnishes no lesson at all for Canada.

The United States for every dollar of its total products produced exports only six cents' worth, showing how very largely it relies on its great internal trade, upon its great system of free trade as between state and state. That shows the fallacy of holding up the United States as an example for us to follow in the matter of high protection or even moderate protection.

When we come to our own country, we find that in 1920 our total production was $4,485,487,785, and in that year our total exports were $1,189,163,701; in other words, with a population one-twelfth that of the United States, Canada must export and does export about twenty-five cents' worth of every dollar of her total products, in comparison with six cents' worth exported in the United States. In other words, we are four or five

times as much dependent upon foreign trade as is the United States. I am delighted to see the hon. member for Brome (Mr. McMaster) nodding his head, because I consider him an authority in all respects in these matters. As I was saying, those figures show that we are very much more dependent on foreign trade than is the United States, from which our friends to your immediate left, Mr. Speaker, are so insistent in endeavouring to draw lessons. My hon. friend asked me if I was prepared for the elimination of the tariff.

Mr. RYCKMAN: Are you in favour of any measure of protection?

Mr. PUTNAM: I hope for some far off Divine event of which Tennyson speaks. I hope the whole creation, including my hon. friend and his friends, are moving to that goal. I do hope for a time when protection will be exterminated root and branch; destroyed, horse, foot and artillery. I agree with my hon. friend that it will not come suddenly. The tariff was built up under a vicious and mischievous system, and I believe that just as fast as we can stand it, and without undue dislocation of industry, and with due protection even of the mushroom industries, some of which should never have been started—

Mr. RYCKMAN: Artificial silk for instance, established last year.

Mr. PUTNAM: Artificial silk and artificial arguments.

Mr. RYCKMAN: That is not an answer.

Mr. PUTNAM: My hon. friend is very discriminating to-night. You cannot build up a system by quoting artificial silk or any other isolated item, and we have not time to make a new tariff even for my good friend from Toronto. But I want to answer him frankly. My position is, that just as fast as we can get the tariff down to a revenue tariff basis, and I do not pretend to judge how fast that should come about, we should do it. I believe that is the solution of the tariff problem for Canada. I believe that in time we shall gradually weed out all the tares from the wheat and get down to a purely revenue tariff, with the revenue raised wholly and solely for the public service. I think in that process, if my hon. friend is really referring to my wisdom, there will be a very long term of protection, geographical and incidental, yet, but I confidently look forward to the undoing of the mischief that was done by Sir John Macdonald in 1878. But it should be done slowly, and I hope it can be done without undue hardship to any legitimate business.

Mr. STEVENS: My hon. friend has used a phrase which is quite frequently used, and that is that the tariff should be reduced to a revenue basis. Would he be good enough to say at what point he expects the element of protection to be eliminated and the tariff to be simply a revenue tariff? The reason I ask him the question is that a moment ago he asked for a definition of an adequate tariff.

Mr. PUTNAM: I do not know that I entirely apprehend the full meaning of the question.

Mr. STEVENS: I am sorry I did not make myself clear. The question was, at what point in the reduction of the tariff does my hon. friend expect to arrive at what he terms a revenue tariff, where there will be no protective element, but merely a revenue tariff element. My hon. friend has had two ministers helping him.

Mr. GRAHAM: You should not object.

Mr. LAPOINTE: I can answer it.

Mr. PUTNAM: In the main it is a tariff that will get the revenue into the treasury, and not into the pocket of the protected manufacturers. I am a little bit surprised at that particular brand of courtesy which prompted my hon. friend to say that I was receiving help in answering the question. It so happened that I did not receive any help, and I am surprised at that little departure from the splendid courtesy which I have always associated with the hon. member for Vancouver Centre (Mr. Stevens), when he twitted me that I was waiting for help before I answered. I think it was just a little unworthy of him.

Mr. JACOBS: He was encumbered by help.

Mr. STEVENS: I think my hon. friend is correct.

Mr. RYCKMAN: The hon. Minister of Justice said that he would come to his assistance, and I would therefore ask him where the protective tariff on boots and shoes would cease, and the tariff remain only a revenue tariff.

Some hon. MEMBERS: Order.

Mr. RYCKMAN: I am absolutely in order. I ask the hon. gentleman where the protective tariff on boots and shoes would cease and where the revenue tariff would come in? Give it to us in percentages and, with the permission of the hon. member for

Colchester (Mr. Putnam), I have no doubt the Minister of Justice will now speak.

Mr. PUTNAM: Does the hon. gentleman expect me to give the exact data that would produce that result?

Mr. RYCKMAN: As nearly as you can.

Mr. PUTNAM: My hon. friend would like me to give approximate figures?

Mr. RYCKMAN: Yes, you asked me to.

Mr. PUTNAM: I do not know about that. I do know, however, that there is an obligation upon the leader of the opposition to give us information upon that point. I do know this—that before the right hon. gentleman went to the country at the last general election he told the people of Canada that he had still a long time to put up what he called a campaign of education; that before he would touch the tariff he would have a commission that would tell just the digit above which the tariff should not be raised as being too high, and just the digit below which it should not be lowered as being too low. If my hon. friend would use his good offices with the leader of the opposition and get him to redeem that promise he would really be in a better position to obtain an answer to that question and doubtless he would obtain some data from that source. I do not think the commission in question was ever dismissed.

Mr. GRAHAM: No it was parked.

Mr. PUTNAM: I have spoken at greater length than I intended.

Some hon. MEMBERS: Go on.

Mr. PUTNAM: It must be remembered that I alluded to the fallacy under which this protective policy of Sir John Macdonald was born, namely, that the tariff would be wiped away just as soon as the infant industries ceased to be babes and infants. That promise is still outstanding. Hon. gentlemen opposite twit us about every hour because they allege we have not carried out all our pre-election promises and particularly the platform of 1919. I believe, Mr. Speaker, in taking up these pre-election promises in their historic order. I would therefore carry my hon. friends back to that undoubted promise of their greatest chieftain, Sir John Macdonald, in 1878 when he said specifically, in terms the whole country is familiar with, that "protection was only a temporary evil, endure it for a little while until these industries get upon their feet." To-day in these belated days the Liberal government is making an attempt to redeem that promise of the great Conservative chieftain. We ask hon. gentlemen opposite to take up the alleged broken platform and broken pre-election promises in their proper historic order. Let us dispose of the promise referred to first. The platform of 1919 is a platform which tries to honour the dust of Sir John Macdonald and to implement that chieftain's promise—a promise which in point of honour is as compelling as though it were only made yesterday; a promise which is all the more overdue because during the intervening decades the industries aided by the protective tariff have ceased to be infant industries. Sir John Macdonald passed away when this country was a good deal younger than it is to-day. I give credit to my hon. friend's great former leader for realizing that that promise was long overdue and that he intended to fulfil it. I do not think the late Conservative chieftain would sleep serenely in that quiet cemetery at Cataraqui if he felt his promise would remain unfulfilled. I do not think he would sleep so well if he knew we were going to break faith with him, and therefore I call on hon. gentlemen opposite to support this budget and join with us in implementing the promise of Sir John Macdonald.

Mr. RYCKMAN: Before the hon. gentleman sits down will he tell us at what point the revenue tariff was fixed for boots and shoes, and at what point the protective tariff was fixed for the same industry?

Mr. PUTNAM: In reply I would ask my hon. friend at what point rubber tires should be fixed in the tariff?

Mr. RYCKMAN: I did not hear the question of the hon. and learned member for Colchester. I want to make my question very plain and I think I can do it in very few words. I understood the hon. and learned member for Colchester—

Mr. PUTNAM: Leave out the "learned".

Mr. RYCKMAN: —would tell us before he sat down where the line was drawn between a protective tariff and a revenue tariff on boots and shoes. If he can do so it will enlighten this side of the House.

Mr. PUTNAM: That would depend upon conditions.

Mr. RYCKMAN: Take conditions as they are to-day.

Mr. PUTNAM: I think we shall get help when the tariff commission appointed by the late government brings down the exact digits

as to every item as was promised. I should like to know the point at which the hon. gentleman thinks that protection to rubber tires approaches the right figure? Why bother so much with boots and shoes when in these days of Liberal government the people are walking so seldom and riding so much in automobiles?

Mr. ARTHUR L. BEAUBIEN (Provencher): In rising to take part in this debate, it is not my intention to again consider many phases of this vast question, most of which have already been discussed. I want to limit my remarks to one or two points on which, in my estimation, not sufficient light seems to have yet been thrown.

The budget does not seem to bring very substantial changes in our tariff situation, but no matter how short the step in the right direction may be, I believe it should be accepted. I readily admit that all desirable changes cannot be made in one day or even one year. It is only by seeing the good results of slight changes in the tariff that the people will press their demand for more alterations in our fiscal policy. When I say the people, I do not mean the agricultural class only. As you know, Mr. Speaker, it has been said that we favour class legislation. Of course, this statement comes from an advertisers-controlled press and from bawling politicians who work first and last for power, and who have misrepresented, by hook and by crook, the Progressive group and their ideals. When I speak of the people who will demand changes, I mean all elements of our population, except, perhaps, the get-rich-quick and the reaper of excessive profits in exploiting others' brains and labour.

The progressive group stands for justice to all classes, for the progress and welfare of the whole population. We have been accused of asking special privileges for the agricultural class. Nothing is further from the truth. If we have asked that justice be given to the farmers and that they be afforded an opportunity to reap all advantages from their work, it is because we feel that other classes of society could not logically reap the full benefit of their activities unless the farming class, which is the basis of public welfare, receives fair play and justice.

The fact that farming is the very foundation of national life was demonstrated a long time ago. Cicero in old Roman times, proclaimed that: Among the productive arts, none was better than agriculture, none was more fruitful; none was more agreeable or more distinctive of a free man.

[Mr. Putnam.]

One of the foremost economists, if not the greatest of the last century, Le Play, has expressed the same idea in a beautiful passage which I will quote in French first, and which I will try to translate afterwards. He said:

L'agriculture a été pour les sociétés humaines le principal moyen de multiplication, d'indépendance et le progrès moral. Plus que toute autre branche d'activité, elle caractérise la vie nationale. Elle est, dans l'ordre matériel et dans le régime du travail, la force qui complète le mieux l'ordre de la création.

The English translation reads:

Agriculture has afforded to human societies the principal means of expansion, of independence and of moral progress. More than any other branch of activity, it characterizes the national life. It is, in the material order and in the regime of labour, the power which best completes the order of creation.

It being admitted that agriculture is the basis of our national welfare, let us glance at the world's conditions to-day. People have just emerged from the stupor resulting from the most horrible war of all times. They are all trying to devise means, according to their conditions and power, to effect a recuperation of their former strength. In other words, everywhere the world is facing the problem of reconstruction. In all countries public men are busy building up a new national life. Since the beginning of the session, you have heard speeches on national unity, national problems, and national reconstruction. How is it to be brought about? Will you build from the roof down or from the foundation up?

I do not hesitate to say: If you want to build up a prosperous nation, in this agricultural country, start at the foundation. Try firstly to better the farming life. The farmers are ready to share the sacrifices in this present crisis; they never shirked their duty on co-operating with other classes in order to make this country prosperous. They are still ready to toil on the land to extract from it most of our necessities of life, provided you instil in their hearts hope instead of discouragement, contentment in place of dissatisfaction, and so create in their homes a little happiness. If you adopt means to improve the disastrous condition the farmer is in to-day, the unemployed of the cities will go to the land, instead of emigrating to the United States, and those who would under other conditions, desert their farms will never think of leaving them. Immigrants coming within our borders will become good settlers and will trade with other industries which will again enjoy the sunny side of prosperity. I repeat in all sincerity, if you want to reconstruct our national life, start at the basis, the farmer.

In the February Bulletin of Agricultural Statistics, it is stated that:

Low prices, high wages, freight rates and costly machinery have taken all profits from farming in the West.

The products of our agricultural industry which are by far the most important in Canada, so much exceed our home consumption that necessarily, we are a community of exporters. Lower cost of transportation, better marketing facilities and a better control in the selling of our grain will largely contribute to replace low prices by fair prices, as would also a reduction in the cost of machinery and other necessities of life. I am glad that a grain commission, presided over by Judge Turgeon, is inquiring into the wheat marketing problem, and I hope that our farmers, through the elimination of all useless middlemen and profiteers, may, in the near future, be able to get a better price for their grain.

The question of freight rates also demands immediate attention and action. May I express the hope that in order to relieve the great western farming community, steps be taken to complete the Hudson Bay railway as soon as possible. This question will be dealt with fully, I expect, during the present session. I wish, however, to draw the immediate attention of this House and the government to the fact that a certain section of Canada has never been enlightened as to the facts that led our public men to undertake the building of that road. The press of eastern Canada, supported by its big advertisers, had to follow their suggestions. Big interests connected with the lakes, or other shipping companies were holding a firm grip on almost every newspaper of this part of the country, where the people were made to believe that the practicability of that road, as a paying proposition, was a myth born in the brains of vote-catching politicians. The people never knew the real facts. Moreover, certain official reports containing those facts and conclusions favourable to the completion of the road, have never been translated into French for the information of the province of Quebec. Was it done purposely? I have in mind one special report of a committee of the Senate, in 1920, which should be translated into French and distributed widely in the province of Quebec, since the newspapers of that large province thought proper not to give their readers the two sides, and, more especially to keep in the dark the favourable side of this important question.

In connection with high wages mentioned in the quoted bulletin as one of the causes of deficits in farming operations, I may say that the farmers of this country do not object to pay fair wages for a fair day's work, and that they would rather suffer themselves than deprive labourers of the opportunity of earning an honest living. There, again, the sincerity of the agricultural class in co-operating with other classes for the general welfare, is manifest.

The fourth point mentioned in the Bulletin of Agricultural Statistics as being a burden on the farming life of this country is "costly machinery." The budget announces a slight decrease in the tariff on farm implements, and this is gladly accepted by this group as a partial measure of justice.

I was astonished to read declarations of certain manufacturers, or of their representatives in the press, and of certain members in both Houses of Parliament, to the effect that this reduction in the tariff would mean a serious loss to the revenue of Canada. I was astonished because they are the same people who, after the formation of the Progressive group, always claimed that the farmers were practically exempt from taxation. It is only now that they seem to realize that the farmers who are subject to all forms of taxation like the other consumers, are big contributors to the revenue of our country. The only taxes that they do not pay are taxes on luxuries which they cannot afford to buy. I say, without any hesitation and free from any influence whatsoever except my deep interest in the general welfare of my country, that any measure that this or any other government may bring in to improve conditions of rural life in Canada, will receive my hearty support.

Amongst the measures that are expected to be adopted is the establishment of a federal farm loan board, which, with the help of a federal reserve bank, will extend, by a system of rural credits to agriculturists, the period over which moneys are now being lent. The elaborate report of Dr. H. M. Tory, published by order of parliament, contains very valuable and interesting information which, I hope, will enable the government to establish the necessary institution for financing the farmer's needs in such a manner that he will be in a position to wait and not to sell his wheat until market conditions are favourable, or to do greater development on his farm without incurring a great risk of losing his property.

Again, I submit that our national reconstruction should begin at the foundation. What we need first and most in this agricultural country is more population on the land, as is admitted by everybody, and means are being taken to bring in more immigrants. Let me say, however, that the large expenditure for immigration will be a complete waste of money, if the new settler, as well as the

old Canadian farmer, is not content with his life. When our Canadian farmers are compelled to leave their farms on account of deficits accruing every year in spite of their hard labour, how can one expect that new immigrants, who are not yet tied up to this country by the many bonds of residence, environment, laws, social and family relations, public or private institutions, will stick to a meaningless home? I appeal to this government and to all men of goodwill in this parliament; let us get together and unite our efforts to adopt legislation to relieve, first of all, our agricultural industries. It seems to me that such a unanimous effort is our main national duty at the present time.

If we want again to enjoy prosperity, let our next budget tend more towards eliminating the causes of the farmers' critical situation, that is, low prices for their products, high freight rates, costly machinery, and high duties on the necessaries of life. Let us adopt measures that will improve the lot of our rural population. Let us contribute to keep our own Canadians at home, on the land, in the cultivation of which they will find some happiness. Our farmers, respectful as they are for the moral and natural laws, will see their numbers increasing by natural expansion and by a large immigration coming to share their contented life. Thus, through our efforts, Canada will become more prosperous, and we shall have done for our country more than those who wave the flag for the sake of a small group having special privileges and a large protection, or for the sake of a few ambitious politicians.

Mr. HUGH C. McKILLOP (West Elgin): First of all, Mr. Speaker, I want to congratulate the Acting Minister of Finance (Mr. Robb) on the very able manner in which he brought down the 1924 budget. While not at all in sympathy with what the budget contains, yet at the same time I want to give the hon. minister all credit for the prompt and quick despatch he gave it. About a month ago the Prime Minister (Mr. Mackenzie King), during a speech that he delivered in this House, referred to me as being one of a deputation that waited on the cabinet one day last winter in reference to the Home Bank depositors. In this statement the Prime Minister was correct. I was invited by members of the deputation from the constituency which I have the honour to represent to accompany them to Ottawa. This kind invitation was accepted gladly, because although not a loser by the failure of the Home Bank, yet I was always in sympathy with the depositors, many of whom lost their all in this disaster; and when everything in connection with this failure is taken into consideration I am strongly of opinion that something should be done for them. For instance, it is a well-known fact that the government was fully aware, before the collapse of this bank, of the condition it was in. Such being the case, why did they not make some move to prevent this failure and save the depositors from the loss of their money? What a difference between the course of this government in regard to this matter and the action of the provincial government of Quebec. In this latter case, as soon as the government found that one of their large financial institutions was in danger of failure they moved at once, took prompt measures, did not allow the bank to fail, saved the depositors their money and prevented what otherwise would have been a financial calamity. Not so with our Dominion government, who, although they knew that the Home Bank was in a bad condition, never raised a hand to prevent this bank from failing, thereby allowing many people to lose so much, and in many cases their all, and spreading hardship and ruin from one end of this country to the other, when they might, by prompt action through the Bankers' Association or by some other means, have prevented this catastrophe from taking place.

Now, I repeat, Mr. Speaker, that taking all these facts into consideration, I think the depositors of the Home Bank should be reimbursed to the full extent of their losses, and I for one will support any measure brought forward in this House with that object in view. Of course I know that the argument is advanced that the Home Bank depositors cannot be given back their money without the depositors of the Farmers Bank getting their money back also. Well, all I have to say to that is this: When the Farmers Bank failed my sympathy was with the depositors, and I thought they should have had their money back, but two wrongs never made a right Therefore, I claim that just because the Farmers Bank depositors did not get their money back is no reason why the depositors of the Home Bank should not receive theirs, and I sincerely hope that the government will find a way to give back to the depositors of the Home Bank all the money they lost.

Last year I drew to the attention of the government a condition of affairs that existed between the tariff duties on beans coming into this country and the bean producers of Canada. I am very sorry to note that no change

in the tariff on this particular commodity has been made. The duty on beans coming into this country is 25 cents per bushel, while on beans going into the republic to the south of us, the duty is $1.05 per bushel. This, I claim, is not fair, equitable or just to the bean farmers of this country. Last year the production of beans in this country amounted to 1,041,700 bushels valued at $2,773,000, while at the same time beans to the amount of 342,224 bushels valued at $843,763 were imported. Now, what does this mean? It simply means that owing to the low duty on beans coming into this country, the bean producers of this Dominion have to compete with other countries, such as Japan, Austria and Belgium, where living conditions are so different and labour so much cheaper. In fact, in this respect I have it on good authority that a labourer in the fields in some of these countries does not receive as much for a week's work as one in this country receives for one day. And further, Mr. Speaker, just let me point out that last fall when the Canadian bean crop was ready to market, the farmers received a fair price per bushel for their beans, the price then being from $2.60 to $2.75 per bushel, but this price lasted only a short time because of the heavy shipment of foreign beans arriving on our market, with the result that our bean farmers and dealers had to take a lot less for what they could sell of last year's crop. In fact some of them had to take as much as 75 cents per bushel less than they received when their first beans of last year were ready to market. The result is that while shipment after shipment of foreign beans is still coming in, thousands of bushels of our own production are being held by our farmers and dealers. This, Mr. Speaker, I claim is not as it should be. No one in this country is being benefited by allowing this state of affairs to continue, with the exception of the dealers who are buying these foreign beans and selling them to the consumer at the same price as one would have to pay for the home-grown product. In this connection let me say that I have been told that there is one firm handling these foreign beans who cans them and labels the container "Made in Canada," puts them on the market and sells them for the real Canadian bean and at the same price as the genuine, home-grown article.

Now, Mr. Speaker, I protest against this discrimination against our bean producers, and I claim it is high time this tariff was changed and they were given the necessary protection to compete successfully with those foreign countries with depreciated currency, where labour and living conditions are so much cheaper. Just think—nearly one million dollars of good Canadian money gone to enrich foreign countries for beans alone this last year, while thousands of bushels grown here in Canada are still in the producers' hands, the consumer not benefiting a particle by it. I hope the government will take action on this matter right away, adjust the tariff and give the bean producers a fair show.

Now, Mr. Speaker, I am a believer in protection; I believe that what this country needs is protection, and high protection at that, the higher the better for all classes. I would like to see our tariff walls raised higher even than the tariff barrier of the republic to the south of us. I am satisfied that if this were done the wheels of industry would turn, there would be plenty of labour for the working man, a better home market for the farmer, there would be plenty of money circulating around and everybody would be happy and contented. However, Mr. Speaker, in this matter I do not wish to be misunderstood, as I would want the farmer protected as well as the manufacturer, and this is how he could be protected —have an amendment made to that slow-acting combines bill passed last session, making it possible to punish severely any manufacturer found guilty of charging an unduly high price for any of his articles the farmer buys.

Now, Mr. Speaker, just let me say here that I am convinced that quite a few of the ills from which Canada is suffering could be cured if the tariff were so arranged as to stop the exporting of so much of our unfinished product, taking, for instance, our pulpwood. Last year we exported in the unfinished state over ninety-nine million dollars' worth of this commodity alone; I contend that if a bill was passed prohibiting the exportation of pulpwood in its unfinished condition, and as a consequence it had to be manufactured here in Canada, the result would be that large plants employing thousands of workingmen, distributing large sums of money for wages, material and so forth, would be established here in Canada, from which the people of the Dominion as a whole would greatly benefit.

Mr. Speaker, there is one other matter to which I would like to refer, and then I am through, and that is the coal situation here in Canada. This Dominion has within its boundaries very large quantities of coal, coal fields undeveloped with millions and millions of tons of coal in them. I think, if the government really wanted to do something for the people

of Canada, instead of buying a Scribe Hotel in Paris or a Union Club in London, England, —things I am convinced could be done without for years to come,—they would be well-advised to turn their attention to the development of our coal fields and making arrangements whereby this coal could be delivered to all parts of Canada, wherever needed, as cheaply as possible, thereby assisting the people to obtain all the fuel they require. Not only that but at the same time it would stop the sending every year of over one hundred million dollars of good Canadian money to other countries for fuel alone when we have so much of it right here in our own country. I claim that if the government would attend to this at once they would be performing a great service to the people as a whole.

Mr. O. R. GOULD (Assiniboia): Mr. Speaker, at this late stage in the debate one finds it difficult to introduce new matter, and this might almost be sufficient justification for closing the discussion. But on paying a visit to my people in the West I find that they are very much interested in the budget and are paying close attention to the varied expressions of opinion that are being delivered upon the floor of the House.

I wish to join other members in complimenting the Acting Minister of Finance (Mr. Robb) on the generalship which he has displayed in the presentation of his budget. I do hope that a year from now my praise may be just as unstinted as it is at this time. What I have in mind is that the dumping clause can be so interpreted as to nullify all the apparent benefits of the budget. I sincerely hope and trust —using the word "trust" in its fullest sense— that the minister or the government will not exercise the dumping clause too drastically, if they exercise it at all, for there is a fear in the minds of the people that its restrictive features may be unduly enforced.

I have noticed, particularly in the early stages of this debate, that our Conservative friends prefaced their remarks by expressing their appreciation of the Acting Minister of Finance and their regret that the Minister of Finance (Mr. Fielding) himself was not in his seat. In explanation of that they stated that had the Finance Minister occupied his usual place in the House he would not have brought down a budget such as the present budget. That is to admit that the Finance Minister is greater than the whole Liberal party, in other words that the part is greater than the whole, which none of us can believe to be possible. The statement of the right hon. Prime Minister that the Finance Minister endorsed this budget was satisfactory to me, and it must have been satisfactory to our Conservative friends, for since that statement was made they have ceased from introducing their remarks by an expression of sorrow at the absence of the Finance Minister. During the years that I have had the honour of occupying a seat in this House, when the Finance Minister was in his place and introduced the policies which hon. gentlemen now give him credit for perpetuating, I cannot recall that they bestowed upon him the fulsome praise which they now offer in his absence. It is something like writing an epitaph on a tombstone; if they believed the Finance Minister was furthering policies which were beneficial to Canada as a whole, why did they not commend him while he was in the House rather than wait until this late day?

Since 1875 all elections in Canada except two have been fought upon the tariff or economic issues. The two I refer to were the elections of 1908 and 1917. The 1908 election was fought largely on the Transcontinental railway question and the 1917 election was the occasion of the formation of the Union or war time government. Had the government of 1908 devoted their time to a discussion of tariff matters it would have been much better for the people of Canada, whether the election was lost or won, than the making of arrangements in connection with that huge expenditure on railways. However, it is not my purpose to enter upon a discussion of railway matters. I am very much interested, of course, in the tariff question and the few remarks I shall make will be largely devoted to that subject.

In passing, though, I wish to make a remark or two concerning the very able address delivered by the hon. member for Vancouver Centre (Mr. Stevens)—and I am pleased to see that he is in the chamber. The hon member stated that in his early days he had been a student of Adam Smith, Henry George, and John Stuart Mill, and what puzzles me is how the hon. gentleman, having studied these political economists, could in 1924 support a policy brought into effect in 1878, the National Policy. It does seem strange, Sir, but I have no doubt that I can get an explanation from the hon. gentleman in conversation with him. Since the days of Sir John A. Macdonald agriculture has made the greatest strides of any industry in Canada. It is well known that last year Canada produced the largest amount of exportable grain of any country in the world. Consequently our grain crop is the basis of our national wealth, and from an economic point of view

it would seem to be wise to pay some attention to this basic industry. I argue that the National Policy is diametrically opposed to the best interests of agriculture.

The hon. member for Vancouver Centre argues for a home market for agriculture, and by the same token he argues for a home market for manufactures. The manufacturer, he says, must have protection which will eliminate opposition, but he becomes partial at that point, because the agriculturist has no protection and is made more or less the victim of the protection which is afforded to the manufacturer. The hon. gentleman by his arguments would oblige all governments in Canada to assume the monetary obligation involved in protection in our relations with other countries. That is to say, if Canada has a high protective tariff which has the effect of keeping out the goods of other countries, the task is imposed on the Canadian government of bargaining with other countries to give us favoured nation treaties or access to their markets in other ways. I do not see the logic in that argument.

At this point it may be well to ask, what is a home market? The market is represented by the purchasing power of the agriculturist, of the labouring man and of the professional man. The purchasing power of the agriculturist is limited by the amount he can receive in the market of a free trade world. His products are sold in competition with cheap labour all over the world, with conditions obtaining in other countries where agriculture is carried on. On the other hand our manufacturing friends oppose that principle, claiming that they cannot compete—and they will not if they can avoid it—under conditions which are nevertheless forced upon the agriculturist. The wage earner, the labourer, is circumscribed in the labour markets of the world; he is in competition with labour everywhere. The professional man's purchasing power is circumscribed more or less by the competition of those of his own profession. The total of these represents the purchasing power of Canada or of any other country.

Now, the imposition of a 10 per cent tariff minimizes the purchasing power in the home market to that extent. If you impose a 20 per cent tariff the purchasing power in the home market is limited one-fifth. Consequently the protectionist meets no competition until the purchasing power in the home market has been diminished by that 10 per cent or that one-fifth. The whole purchasing power of the people under a tariff is nullified by the extent of the tariff, be it 10, 15 or 20 per cent—it is nullified and becomes of no effect. The amount of the tariff also represents what the beneficiaries of the system receive for which they give no adequate return.

If that argument is followed out to its logical conclusion and every country would impose a tariff having the object of keeping out the products of other countries, we would then have Canada for the Canadians, America for the Americans, Great Britain for the British, Germany for the Germans, Russia for the Russians, China for the Chinese, Japan for the Japanese, and so on. So we come back to greatly enhanced prices, to a nullification of the purchasing power of the whole world due to the operations of this impostor, protection. The only benefits they might get are through the extra genius shown by statesmen in the various countries who exact a better bargain than the statesmen of other countries. Now when an individual feels himself a victim of a system or a principle, no amount of argument will soothe him or persuade him that he is not a victim, and in that regard I argue, as I have done frequently in this House, that the agriculturist is justified in feeling that he is a victim, and no amount of talk by our Conservative friends or other advocates of protection in Canada will ever persuade the agriculturist that he is not the victim of a vicious system. I believe that that feeling will remain in his breast just so long as he is denied equity in a country with great natural resources, which should give him a fair return for his labour.

I hold in my hand an article that appeared in the Journal of Commerce some time ago, and I am sure our Conservative friends will not dispute the authority of that Journal. I wish to present a case to the common people of this Dominion, whether they be agriculturists, professional men, or labourers in our towns and cities or villages, to show the enormity that is practised through this vicious system of protection, and how the masses are victimized for the benefit of a few people. I think that the presentation of these figures will prove conclusively that the beneficiaries of protection are not so much concerned with providing a job for the working man, as in perpetuating this vicious system and taking the benefits that accrue from it—a system that has been followed by all governments in this country since 1878.

The object of this writer was to give to the people of Canada the idea that the tariff is a very small thing, and he purports to give a list of the implements that are necessary on a 160-acre farm. This is the list: gang plow, spike tooth harrow, scuffler, disc harrow, disc drill, spring tooth cultivator, corn cultivator, corn binder, manure spreader, mower, horse rake, binder and wagon. He states that this

table represents the ordinary equipment for an average farm of 160 acres, and the duty payable on these implements. When my eyes fell upon this article it occurred to me that if the editor of this paper knew no more about the matter than the writer of this article, he might be justified in printing it, but if he did know more, he should have met him at the door with a baseball bat, because he has presented the strongest possible argument in favour of low protection. He has done this unconsciously, because he did not know what he was talking about. He has calculated that $175.77 will be payable in duty on these implements on the average farm, but he does not give half the implements that are necessary before a man can engage in farming on that scale. In the first place he has no harness, and in passing I would say that I would like nothing better than to have the writer of this article go on a 160-acre farm and try to make a living with the equipment that he has listed as necessary. He would be like a buttercup in the Sahara desert. Nevertheless, this man purports to be an authority on protection. Possibly some sensible people may have seen his ridiculous statement and may believe in it and therefore, I propose to expose the fallacy of it. He has no provision for harness, and hon. gentlemen know that there is quite an extensive duty on harness, and that you cannot do much farming without harness. The implements he has listed require four horses, and he would be obliged to provide harness, to the amount of approximately $100. He has no walking plough, but as he has furnished a gang plough he can perhaps do without it, although I could not; he has not got a wagon box with which to draw his grain to market and his seed to the field; nor a fanning-mill to clean the grain before taking it to market and to clean the seed before sowing. He has no pickler, and as the Minister of Agriculture (Mr. Motherwell) and my Progressive friends know, that is absolutely necessary on account of smut and other things. He has no engine, no ensilage cutter; he has not even a sleigh or a cutter. Evidently he expects that a Chinaman lives on the adjoining farm for he has made no provision for a washing machine or a wringer for the farmer's wife. He has no buggy, forks, shovels, spades, axes, hoes, chains, clevises, no roller or packer, and no thrashing machine. I have made what I think a very fair list of the articles which I think are necessary, and if you take the duty as given by this writer, $175.77 and add the items I have given, you get a duty of $375 on the implements the farmer will absolutely require on a 160 acre farm before he can engage in farming. My urban brother in the city is not obliged to pay that tax. Only the man who chooses agriculture as his vocation is obliged to pay this $375 extra tax over and above what his brother in the urban centre pays, and that is why we cry out against this system of which we are the victims. I may say incidentally that if my words ever reach the ears of this writer, I hope he will mend his ways.

Mr. HOEY: No provision is made for a Ford car?

Mr. GOULD: There is no provision for a Ford car. This writer goes on to say:

> Implements at all properly cared for will last on the average in Canada ten years, so that allowing for manufacturers taking every dollar in duty that they can, we have an extra cost per year of $17.50.

I have shown that that average would be $37.50, as the tax amounts to $375. He goes on:

> Assuming an annual crop of 100 acres and an average yield of all kinds of grain of 17½ bushels to the acre, this duty would add to the cost of producing the grain one cent a bushel.

That is very generous. We have in Canada at the present time 60,000,000 acres of land under cultivation, and I shall endeavour to show the huge amount of money which the agriculturist is obliged to pay before he can engage in farming. Sixty million acres under cultivation means 375,000 quarter sections of land. Taking the writer's own computation of $375, that means a total fine of $140,425,000 which is placed on the agriculturist of Canada before he can engage in his chosen occupation. Is it any wonder, Mr. Speaker, that when the people become aware of these things they protest and they send representatives to parliament to register their protest. As I have already stated every election in the past has been fought upon economic issues and the same issues will come up at every election in the future until justice is done to the people that suffer from this system.

The writer also argues that the charge in question will have to be renewed every ten years. That is to say that this huge expenditure of $140,425,000 is repeated every ten years. If we take that for forty-five years it means a total payment in the way of penalty of $631,912,500. That is what those sixty million acres will pay in the course of forty-five years. This is a huge sum to be taken out of the pockets of one class of the community. Is it any wonder, as I stated a few moments ago that the manufacturers, the beneficiaries of this system, are not as anxious

to provide work for the labouring man and prevent his migration to the United States as they are to retain their profits.

Mr. CALDWELL: Are the figures that my hon. friend just quoted based on the present duty?

Mr. GOULD: Yes.

Mr. CALDWELL: Is it not a fact that in times past the duties were higher than they are now and consequently the total would be greater?

Mr. GOULD: I am pleased my hon. friend reminded me of the fact. If we went back to the times when the duties averaged 17½, 20 or 25 per cent the figures would reach the staggering total of billions of dollars. We have 300,000,000 acres of arable land in Canada potentially available and in view of this magnificent prospect we can well imagine how the manufacturers would like to perpetuate the system so that they could multiply the total of $631,912,500 by five—because we have five times as much arable land to bring under cultivation yet. I ask again, is it any wonder that we raise our voices in protest, and does not our argument rest on a logical basis? I only ask permission to present these facts in a simple way so that the ordinary reader may grasp them more quickly than if they were couched in technical language.

Now, as I read it the writer went on to argue that the tariff takes the paltry amount of one cent per bushel. Very well, let us accept that estimate. We will find according to the terms that practically 994,000,000 bushels of grain were produced in Canada last year which, according to the writer's own computation, would represent $994,000 annually. These figures, no matter how you take them, represent an unwarranted and unjustifiable fine upon agriculture. Avarice and greed stalk forth on this land under the guise of morality as represented by the beneficiaries of this vicious system of protection for a few. The system lends itself readily to incompetence and the perpetuation of an antiquated system. It fosters hatred and class domination. Wars and famine follow in its train and its sponsors laugh at the writhings of its victims.

I hold in my hand a little pamphlet which was prepared under the directions of the present government for distribution at the World's Fair in London this year. From this pamphlet I want to cite a quotation which reads as follows:

> During the last twenty-five years her manufacturing industry has enjoyed a remarkable growth—

Yes it has.

> —and there is good reason to believe that this will continue in the future.

So there is.

> This expansion is partly attributable to Canada's natural advantages, amongst which are plentiful and diversified raw materials; an unusually extensive transportation service both by rail and by water, which facilitates the assembling of raw products at points favourably situated for their manufacture and distribution in finished form. Abundant water powers supply ample and cheap energy. The expansion of agricultural, mining and other branches of basic industry has the effect of enlarging the domestic market for manufactured products.

Every word of the statement is true and such being the case there is no reason why Canadian manufacturers should ask that a certain class of the community be penalized for their benefit. That is the attitude I take. I regard it as almost sacrilege that in a country such as we have, endowed with such wonderful natural resources men should ask to be accorded such privileges as are granted in the tariff.

Our Conservative friends have been indulging in all sorts of prophecies of impending doom. Industrial Canada, for example, is filled with accounts of meetings that have been held at which it was stated that if such and such a thing occurs some other thing will happen. These are nothing but false predictions, unjustifiable and groundless prophecy. No consideration at all is paid to the statements that were made here last year with respect to the actual condition of agriculture in Canada and the effect this was having on the general business of Canada. The thing necessary to do is to re-establish the purchasing power of the people not to perpetuate a tariff that would weaken that power still further. The manufacturers and their friends do not recognize that the purchasing power of the people of Canada is gone and even if the tariff were raised to a point high enough to satisfy the hon. member who preceded me it would have no effect because the people have not the money to purchase goods. That is the fact not only in Canada but in other countries.

In the government ranks we find some hon. gentlemen declining to support this budget. The hon. member for Sherbrooke (Mr. McCrea) the hon. member for St. Lawrence-St. George (Mr. Marler) and the hon. member for North Waterloo (Mr. Euler).

Mr. FORKE: There is the hon. member for Brantford (Mr. Raymond).

Mr. GOULD: Yes and the hon. member for Brantford. We have listened for two or three weeks to the lamentations which have gone forth from the sponsors of the protective interests in Canada, as to what would happen if

changes were made in the tariff. The hon. member for North Waterloo—in whose constituency the city of Kitchener is located—both in his speech on the Address in Reply to the Speech from the Throne and in his speech on the budget, lamented these changes and predicted that a very sad state of things would result to industry in Canada. Now, Mr. Speaker, I have here a press despatch which may be of interest in this connection, and which ends as follows:

Kitchener, Ont, May 4.—A price of 100.71 has been received by the city for a block of $258,000 debentures, the Dominion Bank being the successful tenderer. They range from ten to thirty years.

Evidently the Dominion bank, or those who tendered for these bonds in the city of Kitchener do not believe the tales which were repeated by the hon. member in this chamber. I would not ask for better evidence to the contrary than is given by these people who keep their ears well to the ground and know the actual financial conditions in Canada. They have faith in the city of Kitchener and prove their faith by buying its bonds above par.

Now I wish to make one or two references to the amendment of the hon. member for Centre Winnipeg (Mr. Woodsworth). It seems rather unfortunate that the majority of the gentlemen to whom I have occasion to allude are absent from the chamber, but that is not my fault. I would not like to accuse the hon. member for Centre Winnipeg of playing politics, and yet I do not recognize in the speeches he has addressed to this House any advocacy of the principles embodied in that amendment. Nevertheless, for my part, let me say that I have on divers occasions spoken much along the lines suggested in this amendment. I know that I have supported amendments in this House along the same lines. I have been more or less active throughout the country advocating the majority of the principles outlined in this amendment, and I cannot see why, with the belief I have in these principles, the government should take an amendment to the budget in the sense that it is a vote of want of confidence. If I were to support the amendment it would be my explicit desire, as shown by my action, my action should not be regarded as a vote of want of confidence. If the government should not insist upon that principle or idea, I think that I could support the amendment. I also want to support the budget. I support the amendment simply because on principle I have always advocated such ideas in the past. I believe in the principle of taxing unearned increment. I do not want to go into the question to-night, but my mind goes back to the West where I see that this government and past governments have been obliged to spend millions and millions of the people's money to provide facilities for settlers who have been driven into the back settlements because the land speculator held the lands close to the railway. These huge expenditures have been forced upon the Dominion government because of the fostering of the individual who held land out of use close to the railway. That same land that was held out of use has obliged neighbours to live miles apart who should be settled closer together. We have taxed ourselves to build schools and roads. These vacant lands have been the homes of all the insect pests which agriculture has suffered from. And yet we have a government sitting idly by and refusing to tax the unearned increment of that land which has increased in value as a result of the activities of you, Mr. Speaker, myself and others here and there.

Mr. FORKE: You have a provincial wild lands tax.

Mr. GOULD: Yes, we have, if you take that into the consideration. The day will come when there will be a reorganization of the Dominion and provincial system, so that there will be no overlapping. But when land which was bought at three or four dollars an acre, is through your activities and mine, sold later at thirty dollars an acre, I say that is an unearned increment, and the state should step in and take a large proportion of the money, rather than allow speculators to take it away to a foreign country. That is what I mean.

I could follow the matter up and present the same argument in regard to terminal elevators, but I use that as a justification for the adoption of the principle whereby we may largely offset the loss we would have from the taking away of the tariff tax.

Again let us look at the sales tax. We will find all our manufacturing friends on bended knee to our government asking them to take away the sales tax. I am not such a strong advocate as to urge taking away the sales tax because I believe in the principle of a direct tax. It will necessitate education on the part of the people, but until we have more education and more understanding by the people of the principles of taxation, the result will not be accomplished in the manner it should be. We should have a system of direct taxation to supplant and not to supplement indirect taxation; then progress will be made in Canada, business will be carried on much better, people will pay more attention to the principle of government and Canada will

benefit. Therefore I am not so anxious as some people are for the taking away of the sales tax. I want if relief is to be given let it come from the reduction or removal of indirect taxation. I think that would be much better.

I do not think I shall carry the story further. It becomes interesting to me and I feel like talking, but I have broken the ice and I have given expression to a few points that have a direct bearing upon the questions involved in this debate. If the people want more of the story they can find me in my office, or I would be pleased to discuss it with any hon. gentleman who wishes to pay me the compliment of visiting me.

Mr. L. W. HUMPHREY (West Kootenay): I feel that it is fitting that I should at least state my position in relation to the budget that has been brought down by the Acting Minister of Finance (Mr. Robb). Before going into the question that I would like to touch upon, I would like to associate myself with those who have directed kind words to the Minister of Finance (Mr. Fielding). I sincerely trust he will be soon restored to health, and that we may be privileged to see him again in this chamber.

It is not my purpose to go into details in discussing the advantages and disadvantages of the free trade and protection issue, or the advantages or disadvantages of this budget; but simply to express my opinion as to how the budget will affect my own district, and at the same time keep in mind how it will affect the whole Dominion. First let me say that, as I view this budget, it will appeal to the majority of the electors in the district I represent, and in my own opinion will result in a greater degree of prosperity in the farming, lumbering and mining industries; as the district I have the privilege of representing is given over particularly to farming, with some lumbering and a good deal of mining, I feel that what would be good for the interests I have mentioned would certainly be good for the whole district. It is very gratifying to have before us a financial statement of the Acting Minister of Finance, and to know that the financial condition of this country is as good as it is, and especially in the face of the organized system of propaganda that has been circulated in the country during the past six or eight months. As the province of British Columbia is now entering a period of prosperity I do not believe that this budget will in any way interfere with the future of that province, or have any detrimental effect upon any of these industries. I believe that there are many factors and conditions that affect the prosperity of a country outside of the tariff issue.

On some of these questions, that are of vital importance to the whole country, I should like to touch very briefly, and also endeavour to bring out a different view from that which has been expressed by some hon. members in previous debates. At the beginning of this session I believe that practically every member of this House was primed up to a certain extent with a system of propaganda which was spread throughout the country crying for economy and for every government to practise and to bring about a policy of economy in every way. Although I am in accord with the policy that has been brought to the notice of the whole country, I do not feel that I can be in any way stampeded into supporting a policy that I would believe to be one of false economy. No doubt as regards many forms of expenditure it will, perhaps, not be necessary to practise the most rigid economy, but at the same time it will be necessary to economise to a certain extent. My position in regard to the budget—and I should like to state my position now—is that I feel I can support the budget as it stands to-day, believing that it is in the best interest of the whole Dominion.

Some questions that I should like to take advantage of this budget debate to touch upon pertain to the whole of the Dominion, while perhaps, they have some small particular reference to my riding. The first question to which I should like to refer is that of immigration. In the past year, more especially than any other year, I feel that the present government have been putting into effect a policy of immigration designed to promote the future development of this country, and the few remarks that I propose to make now, I should like to direct to the Minister of Immigration and Colonization (Mr. Robb), so that he, if possible, may profit by the experience that we are having in British Columbia. During the last session of this parliament, legislation was introduced in this House providing restrictions in regard to the Chinese and, in my opinion, that is legislation upon which the country can compliment the government and that will bring about effective restriction of Chinese immigration. We in British Columbia have a complicated immigration problem. We have the Chinese; we have the Japanese; we also have a mixture of many other nationalities, and in that connection I should like to draw

the attention of the Minister of Immigration and Colonization to the class of settlers that we have through the interior of British Columbia, that at the present time are not complying with the laws of the province, that are not complying, as I believe they should, with the laws of the whole Dominion. This class of settlers to which I refer is termed the Doukhobors, if I may use that term. We have in the constituency that I represent somewhere in the neighbourhood of two to three thousand of this class of settlers, who came in some few years ago and settled under a colonization scheme. During the past few years they have isolated themselves in their own colonies. They have not complied with the laws of the province respecting births, deaths and marriages, and in the past year they have become a class of people that are continually filling our police courts and our civil courts more than any other class of people that we have in the district.

We, having had experience with different nationalities during the past few years, feel that these questions should be brought to the attention of the federal authorities, so that in some small way they may be able to profit by that experience in working out their immigration policy. Within the past three or four years these settlers have burned down practically every school that we have in the district, and although I am not here to place the blame upon any particular class, I am placing this upon Hansard so that the Dominion of Canada or some other part of this country may benefit by our experiences. In the district which I represent somewhere in the neighbourhood of eight or ten school buildings have been wiped out by these people, and it is a well known fact that this was done by no other class of people than the Doukhobors themselves. We feel that this is not a healthy condition for settlers to build up in any province, and that the Immigration department should endeavour not to bring in settlers that will produce this state of affairs. In British Columbia and, I believe, in every other province, we want a class of settlers that will comply with the laws of the province and of the Dominion and that, if possible, in time will assimilate with our people and become good Canadian citizens. As regards the constituency which I have the honour to represent, I feel that we are not receiving the class of settler that we should receive. I have stated, for the benefit of the hon. members, the position as regards our school problem. This is only one of our problems, and in that connection I would ask the House to bear with me for a moment while I place upon record a letter published in the Nelson Daily News under date of April 28, showing the situation of this class of settlers as applied to that particular district. This letter is sent from Brilliant, B.C., under date of April 25, 1924, and is as follows:

JOHN OLIVER, Esq.,
Premier of British Columbia,
Victoria, B.C.

Dear Sir:

Last Sunday night towards Monday morning, 21st of April a lot of buildings were burned in the Doukhobor colony at Brilliant, namely three schools and a small house of mine which was built on a rock about two years ago with beeautiful architecture.

At the time of a fire I was in the province of Alberta and had been informed by Brilliant office immediately after which I have returned to British Columbia. The indication is that the fire took place intentionally therefore I decided, dear sir, to inform you more fully regarding this matter what is going on in colonies of the Christian Community of Universal Brotherhood.

The spirit of socialism had widely spread in Europe, and the American continent in general, which passes in to middle perpetual principal of barbarity, robbery, and attempt on others' property.

The Doukhobors came from Russia with good principles and absolutely peaceful life, but here in Canada under the influence of the different character of settlers and circumstances so to speak a "free life" a different opinions were formed in the Doukhobor Society result of which three parties came out.

The first party which is under my control carries a name of "The Christian Community of Universal Brotherhood Ltd.," duly incorporated and although with big physical labour yet the people of this corporation are getting their subsistence and are arranging more or less on good terms. This party is upkeeping the principle, religion and customs which the Doukhobors have had in Russia.

The second party, this is the people who left the Doukhobor Society and have accepted the homesteads in the province of Saskatchewan and Alberta and became British subjects. These people had commenced to use meat as food, drink whiskey, smoke and chew tobacco. Younger people have started to buy automobiles, frequently visiting pool rooms and acquired all the corruptive civilized principles. Now this party is absolutely ruining in Saskatchewan and Alberta, leaving their land and are going to proletariat. It is quite possible that they will be good socialists. These are the products of the American free spirit.

The third party, although very small in number that left the Doukhobors Society under the name "Nudes" are absolutely anarchists acknowledging no moral laws, desire to work nothing, hatefully looking on all the cultured progressive arrangements such as good agriculture, orchards, and general adaptability of agricultural improvements, Such party, is under suspicion are the ones who is setting fire amongst Doukhobor colonies in British Columbia. I have decided to bring to your notice and respectfully ask you to remove this party from the nearby Community colony settlements, otherwise these people are threatening tc start burning up the good arrangement as possessed by the Christian Community of Universal Brotherhood such as jam factory, a factory which makes wooden pipes, sawmills, warehouses, and other buildings. If the government will not take quick action to remove these people to some other province then some night it may happen that they would set a fire for hundred thousands of cultured arrangements. These people under the name of "Nudes" have worked out a principle

absolutely against the cultured arrangements. They understand that it was I. Peter Verigin, who had opened up the schools in the Doukhobor colonies and this is why they have burned my house together with the schools as accordingly their belief I am working together with the Canadian government, I am very much surprised that the setting a fire to the schools had been started sometime ago and the government does not take any steps what ever in order to punish the guilty one's in this process.

Now the same party declares and there is talk amongst the people that if the children will be taught in the dwelling houses then they also will burn such houses. To my regret I must inform you that all the schools at Brilliant will be closed because there isn't a single school that is left unburned. I cannot invite the children with school teachers to use the dwelling houses with the possible danger that these houses will also be burned by "Nudes" and if the fire should happen at night time then the people that live in houses can be burned. Please take the most suitable measures that you can set at earliest convenience.

There will be about twenty or not more than thirty of such people who are living around the Community colonies. The government could have arranged for them some kind of enterprize so they can work and keep themselves by their own labour. Just at the present these people are causing only a terror on the peaceful dwellers in the Christian Community colonies. Whenever there is a meeting in the Christian Community then these "Nudes" are getting in by force and are causing disorder, very often they are beaten badly for indecent actions, but I consider this altogether unlawful. The British Columbia government should take more cultured measures for removing these people from the settlement of peaceful inhabitants. If the government will appoint an inspectorate to pick out the "Nudes" or in other words Anarchists I will give exact list of names and surnames of such people.

I beg to remain with the hope that you will take quick action on my report.

Respectfully yours,

PETER VERIGIN,
President.

I have read this letter to the House because the question it refers to is becoming quite critical in British Columbia, and eventually it will have to be dealt with by the federal authorities. It is my opinion that the question should be carefully studied by those in charge of immigration, so that these conditions may not be duplicated in any other province. All we ask is that we may have immigrants whom we can assimilate and associate with and whose children can be educated with our children. Unfortunately in these Doukhobor communities to-day there are no school facilities and the people are broken up into warring factions.

I would commend the government, especially the minister in charge of Soldiers' Civil Re-establishment (Mr. Beland) for the promise made a few days ago to establish the present bonus to disabled veterans upon a permanent basis. That message has been very gratifying to our returned men throughout the whole Dominion. During the past few years these veterans have been labouring under more or less disheartening conditions, and consequently they have been in a state of unrest, not knowing just how they stood in respect to their cost of living pension bonus. I believe many people are more interested in the welfare of our returned men and the widows and orphans of those who died at the front than in a good many of the questions which have been discussed during the course of this debate. It appears to me that it should not have been necessary for our returned men to maintain an expensive organization for the purpose of securing what undoubtedly the country generally considers is only their just due. I trust that parliament may pass legislation that will place our veterans upon a still better basis. It would be much better to give the benefit of the doubt to the returned men, establish them on a good percentage basis as to pension and eliminate a great deal of the enormous overhead in the administration of soldiers' civil re-establishment and pensions. It is only necessary to compare the returns brought down in this parliament and in previous parliaments to see that the overhead expenditure in connection with that administration is running enormously high.

I would like to touch briefly on a question in which I believe many people throughout Canada are interested to-day, that is, expenditure covering military and naval operations. I speak particularly of military services, and as one who, I say it very humbly, had some few years' active experience during the war period. I notice that there is a reduction this year in the military expenditures of $1,078,854.67. I am thoroughly in accord with that reduction. With all due respect to those who think differently, I feel that the time has come when there should be a change of thought and of policy regarding military expenditures and military operations. Some few years ago I was a great militarist; I thought that we could not go too far in our military expenditures. But after some four and a half years of practical experience of a varied character I am of the opposite view, and I commend this minister or any minister of any government who will proceed along the line of curtailment of military expenditure. I am thoroughly in accord with the position taken a year ago by the party at present in power that no action should be taken regarding military operations without the full consent and approval of parliament. Whatever action this government or any government of Canada may take in the future should look to the establishment of some permanent peace. I consider that the policy that we have worked on in the past has not been such as to make for permanent peace. The only way to attain that end is to take all possible steps to bring about disarmament, and speaking as I do from

experience I wish to associate myself with those who are working along these lines. If steps taken in this direction go hand in hand with the curtailment of military expenditures, then by all means let us direct our efforts to that end with a view to arriving at some permanent peace policy.

Certain references have been made by some hon. members this session and in previous sessions, from which I desire to dissociate myself. I refer particularly to statements made by the hon. member for South Oxford (Mr. Sutherland) and the hon. member for Sherbrooke (Mr. McCrea). In connection with the question of what policy would be best for this country in view of agricultural, industrial and general conditions, many hon. members have stated in this House and out of it that the cause of the difficulties involved would be found in the amounts paid in wages. It is only fair to the railroad men throughout the country that I should state briefly another view of the matter. I listened attentively to the address of the hon. member for Sherbrooke and particularly to his reference to the question of railroad men's wages, the conditions under which they are working, and so on. I do not wish to deal unfairly with my hon. friend. Let me first, however, refer to the remarks of the hon. member for South Oxford in the debate on the Address. The hon. gentleman must have been under some misapprehension. I am sure he was sincere in the statements he made, so far as his knowledge went, but I may be permitted to make a few remarks in reply, based upon some twenty-odd years' practical experience in many different phases of railroad work. He suggested that on occasions the men deliberately aimed at getting time and a half of overtime. I may say that there is no part of western Canada where railroad men receive time and a half except in one class of service, namely, the switching service. On the eastern lines they do have a provision for time and a half after a certain period. The statement to which I refer was made on March 7, last, and was as follows:

> By reason of the fact that after a railway employee had put in so many hours, if he could delay a train service he would obtain pay and a half for the overtime. I know as a matter of fact instances where this has been deliberately done by the employees operating trains, particularly freight trains, in the province of Ontario. Hon. members can easily see what an incentive it would be to do something of that nature.

Now, I think that any official of any railway company and anyone connected with railway operation in Canada knows that there is no such thing as a man deliberately delaying any train for the purpose of compensation, and if such a case was brought to the notice of the officers, steps would be taken to see that it did not occur again. There may have been isolated cases, but certainly it is not a common practice, nor one that is sanctioned by the railroad officers and employees throughout this Dominion, and I am sure they would be very glad if the hon. member would draw such a case to their attention. In connection with the statement made by the hon. member for South Oxford (Mr. Sutherland) in the early part of the session, I do not want in any way to take a mean advantage, but my attention has been drawn to his statement by so many different parties throughout the Dominion that I wish to place on record a reply to it that appeared in the Edmonton Journal under date of April 3rd last:

> Editor, The Journal.
>
> Sir—It would perhaps be scarcely fair, on the subject of "the big wages paid to engine drivers, etc." (whoever that very compendious phrase may indicate) to expect too much from your evidently ill-informed correspondent, Emmeline Gibb Taylor, in to-night's Journal; seeing that only very recently Donald Sutherland, M.P., has been quoted all over Canada to the same effect, with much wild and wholly unauthenticated assertion about $5,000 and $6,000 salaries per annum.
>
> It does not seem to be understood that engine service on our railways is governed by seniority. I have myself nearly 13 years' rights as fireman and engineer, and the highest sum I ever made in one year is $2,326.65, and I have only once besides exceeded the $2,000 mark. What is known as the Chicago joint agreement is in force on Canadian, as it is on United States railways. This arrangement entered into by ourselves, restricts the monthly mileage of passenger men to 4,800 miles, and of freight men to 3,800 miles. This is to divide the work in order to help the spare men who cannot command a regular engine. Allowing for the very largest and highest paid class of engine running out of this city, and assuming that the engineman could make maximum mileage on that run, and lost no time throughout the entire year—a state of things which hardly could be and which I know as a matter of actual fact, is not done, the maximum results in passenger and freight service respectively would work out at $3,473 (four men only) and $3,210 per annum. The men who are able to command anything like these figures have reached this position after years of such service as in the opinions of those best competent to judge is not very adequately characterized by the word "luxury." When they get there I say that $5,000 per annum is impossible. There are certainly times when money may be made at a rate that might approach that figure if kept up for 52 weeks a year; wrecks, when men have to remain on duty until the road is clear, sleep or no sleep; snow blockades, when we have been stalled, without food, for 12 and 18 hours in a drift, and the very delay has necessitated turning the engine out again the moment she reached the shop; a rush of business, when men have been called for duty before their rest period had expired—all these are highly eloquent of "luxury"! So far as the class of spare men are concerned, however, (and we are a large class), this morning I drew a pay cheque of $82.35 for two weeks' work as engineer. This is not the highest I have drawn for such a

period; neither is it the lowest. During this two weeks I have had to be within reach of the 'phone at all hours: if I miss a call, I go to the bottom of the list, and if delay thereby ensues I am held responsible.

When a wreck is narrowly averted, we often hear a lot about the "coolness and skill" of some engineer, and "the lives which hang on his vigilance and judgment," and so on; the same man is apparently a mere thief at pay day. The passenger man is often entrusted with half a million dollars' worth of equipment; so, likewise, the freight man, who is often required to make fully as high speed with valuable freight and with vastly inferior facilities for stopping in a hurry, if need arise.

The true answer to incompetent criticism is that railway officials, the best judges of the facts, have recently agreed on several American roads, to an increase in enginemen's wages. I suppose we shall be told that we have "used the club to them." Those who could say so only exhibit their utter ignorance of our methods of negotiation, the type of man by and with whom these are conducted, our general excellent relations with our officials, and, in short, can only demonstrate their entire incapacity to sit in judgment.

F. G. Roe.

Those are the conditions that exist, Mr. Speaker, and I am glad to have been able to make a reply to the statements that have been made.

Dealing for a moment with the remarks made by the hon. member for Sherbrooke (Mr. McCrea) this afternoon, if I remember correctly, he spoke in almost the same language both last year and the year previous. A reference to Hansard leads one to believe that he was quoting from a previous speech that he made to the House. I do not wish to be unfair to him, but I am simply taking the record as it stands. I feel that it is my duty to reply to some of his statements, but first may I be allowed to quote what he said in this House in the budget debate of two years ago? This is what he said—Hansard, 1922, page 2316:

Now, I am not interested in the railways; I have not a dollar in railway stock. But I ship as much freight as any man in this House. I ask hon. members who criticise the railways and find fault with them: how are the railways to cope with this condition? The railways should be in a position to say to these men: "You must do thus and so, as you did before; conditions have changed; you also must change and come back to normal conditions." When a strike is called, who calls it? Mr. Carey of Indianapolis, or some other leader of an organization. In the election of 1911 we heard a great deal from our friends on the other side of the House to the effect that there should be no truck or trade with the Yankees. Well, so far as the Yankees running our railway system is concerned; so far as their dictating when and how and how many hours our men shall work and what pay they shall receive, I say it is time that we had no truck and no trade in that direction. We ought to say: "Hands off; we will run our own business."

I believe it is my duty to reply to the hon. member's remarks as quoted, as they are almost identical with his language to-day. I should like to state for the benefit of hon. members that the different labour organizations throughout Canada are no doubt international in their character but nevertheless their affairs are entirely in the hands of Canadian representatives. The moneys of these different organizations run up into many millions of dollars. The money collected from the Canadian members of these organizations remains in Canada and is invested here, it does not go to the United States. More than that this money is deposited in Canadian banking institutions. As to the officers of these organizations, let me say in reply to the hon. member for Sherbrooke that although our unions are affiliated with international organizations the officers, and those having jurisdiction over legislative and protective work, are entirely Canadian. Furthermore, we have no connection with the American bodies in respect to negotiations for higher wages or improved conditions—these, if we take the railways as an example are undertaken and carried out by Canadian representatives, with the entire approval of the men themselves. I feel that the amicable relations that exist to-day between railroad men in Canada and the officers of the different railways are as strong as they are in any other country in the world. The officers of the great railway corporations welcome the plan of collective bargaining, of co-operation on the part of the employees, and they also cordially receive any suggestions tending to bring about more efficient operation. My hon. friend should not be afraid—nor indeed any member of the House—of any labour organization that is conducted on sane and businesslike lines. That remark applies to the action of the rank and file of the members, and is equally true of the officers. It has reference more particularly to the organizations responsible for the negotiations between the railway corporations in Canada and their employees. The railroad men, to whom reference has been made by different hon. members, only want a square deal so far as their wages and conditions of work are concerned and, according to representations that have been made to me are only too willing to lay their cards on the table, and to have the questions at issue thoroughly discussed with the representatives of the companies in order to arrive at what may be considered the best solution of the existing difficulties. I believe that by having recourse to this plan of co-operation and joint consultation greater progress towards efficiency in railway affairs will be made than by any other method.

That brings me to a consideration of what attitude should be adopted in reference to the

government of the day. Let me say briefly that where the people of the country have confidence in their government, and that confidence is not weakened by the carrying on of false propaganda, we can look forward to the future with greater confidence and with the prospect that it will not be long until a more prosperous and a happier day dawns for Canada.

Mr. THOMAS HENRY THOMPSON (East Hastings): At this late hour. I do not intend to take up much time. But a number of hon. members have spoken of conditions as they exist in their respective constituencies, and I should like to present some of the conditions that exist in the constituency which I represent and how the industries there are affected by the tariff. Before doing so I wish to join with other hon. members in expressing my regret at the illness of the right hon. Minister of Finance (Mr. Fielding). May I be permitted to hope that he will soon be restored to his usual health and vigour and that before long he will be found occupying his accustomed place in this House.

I should like to consider for a few moments how the tariff affects the fluorspar industry in my county. For the benefit of hon. gentlemen who may not be aware of the fact I may explain that fluorspar is a mineral largely used as a flux in the production of steel. Prior to the year 1914 none or very little of the mineral was produced in Canada. The local market was supplied with 'spar imported from the United States and Great Britain. The outbreak of the war, however, led the Canadian manufacturers of steel to engage in the manufacture of steel for ammunition purposes and so a great demand arose in Canada for 'spar beyond the then existing capacity. The county which I have the honour to represent has large deposits of fluorspar, and the managers of the mines were able to open up and operate some of the mines and supply a portion of the great demand at that time. The mineral was shipped as far West as Sault Ste. Marie, as far east as Nova Scotia, and also to the United States. The quality of the mineral, I may explain, is of the very best and there is a sufficient supply to meet the needs of the Dominion. Fluorspar is protected in the United States but has no protection under the Canadian tariff.

In 1920 the operators of the Hastings mines became alarmed. They had a vision of what might happen. They got together, passed a resolution and forwarded the same to me. That resolution asked that the Canadian producers receive the same consideration as the producers of fluorspar in the United States and recommended that the government impose a duty on fluorspar entering Canada corresponding to that levied on Canadian fluorspar entering the United States. Surely that was not an unreasonable request to make. I may say that I took the matter up with the Minister of Finance at that time, and he promised that in the forthcoming revision of the tariff the matter would receive every consideration. The mine owners pointed out at that time that as the steel business would slacken, as it was bound to do in the United States, the supply of fluorspar would overtake the demand and that the old established and well equipped mines in the adjoining republic would dump their surplus production into Canada to the detriment of the recently opened fluorspar mines in Ontario. Fluorspar can be produced more cheaply in the United States than it can in Canada owing to climatic conditions. I should explain here that fluorspar requires to be washed, and in a cold climate such as we have in Canada that process is a very expensive one. Well, the fears of our mine owners were well founded. The United States raised its duty from $1.50 to $5 per ton. This practically closed the door to Canadian fluorspar, and as the result of not being able to ship the mineral to the United States—where they are able to produce more cheaply than in Canada—the mines in Ontario are closed.

When the mines were operating the Americans quoted prices so low that the operators of the mines in Canada could not compete. But just as soon as the mines ceased to operate and were allowed to fill with water and there was no competition in Canada, the United States raised the prices $6.50 per ton, which the Canadian consumer is now paying in excess of what he paid when our Canadian mines were producing. The people of the county of Hastings appreciated very much the benefits derived from the operation of these mines. All classes were benefited, the labouring class, the merchants and the farmers. As a result of the mines closing down the Canadian National Railways has lost the increased tonnage created through the operation of these mines. There were five mines operating within three miles of my home, so that I know something about the benefits that were being derived from the industry. The labouring men have had to seek employment elsewhere. A number have gone to the United States to work in the mines there which now supply the Canadian market. The merchants have been deprived of the business that came to them as the result of the operation of these mines. The farmers have also been deprived of the increased home market for their produce. Capital is idle.

We have also talc mines that have been operated steadily for the last 20 years. I believe they are the only talc mines in the Dominion of Canada, and they too have to meet very unfair competition, as the United States duty is 25½ per cent, while our government imposes a duty of 17½ per cent. As a result since the United States raised the duty, the mines have not been running to full capacity. A great many other minerals are affected in the same way. The budget of course puts mining machinery on the free list, but what good is that when the mines are closed down? These mines are closed down as a direct result of this government failing to impose a tariff equal to that imposed by the United States on our Canadian fluorspar. If that duty were imposed the mines certainly would be able to operate, but at present the fact that mining machinery is on the free list will not enable those mines to open up and operate. I believe one of the planks in the government's platform was the encouragement of the development of natural resources, and this is one of the natural resources of our country; but instead of encouraging the development of these resources certainly the policy of the government is to close them down and put them out of business.

Our farmers have to meet very unfair competition as a result of the high tariff wall against their produce, such as butter, cheese, eggs and live stock. When we take into consideration the enormous quantities of farmers' produce brought into this country, surely we will all agree that they have to meet very unfair competition. The chief market for the farmers' produce is the villages, towns and cities of Canada, and these villages, towns and cities are supported very largely by the factories and manufacturing establishments. These depend on the tariff for their prosperity. If the purchasing power of the urban community is doubled the home market of the farmer is also doubled, and if cut in half the home market is also cut in half. The farmers have been told that the tariff is responsible for most of their troubles, and yet after every tariff reduction the condition of the farmer has grown worse. A tariff policy that sends hundreds of thousands of the farmers' best customers out of Canada into the very country that has closed its markets to our agricultural products, and permits $78,000,000 worth of agricultural products to come into Canada under a very low tariff in competition with our Canadian farmers' produce, cannot be shown to be in the best interests of Canada, or the best interests of our Canadian farmers. These markets belong to the industrious people of Canada, and they must have a chance to produce profitably and abundantly.

I have nothing to say against our freight rates from the West, but I believe the lowering of the tariff, or free trade would work disastrously to Canada. I do not believe it would work out as they have anticipated. I think the same thing would happen as happened to the fluorspar industry in my district. I believe when our industries are destroyed, as they certainly will be if the present government pursue a policy such as they have intimated—which is alleged to be the death knell of protection—that the powerful organizations of the United States will get together and raise the price, just the same as they have on the fluorspar, and that our farmers will pay just as much for their implements as they did before. I would be in favour—and I am speaking for myself—of doing everything that I could to assist the farmers. I am in favour of the merchant marine being used to further their interests, and I am very much in favour of subsidizing the merchant marine to enable them to carry the produce of the farmer, flour and live stock at very low cost. I think flour especially should be carried at a very low rate so as to encourage the milling of the wheat in Canada and keep the by-products here for the Canadians. I believe this would lower the cost of production and in that way lower the high cost of living.

The hon. member for Pontiac (Mr. Cahill), the other night, spoke about the opposition favouring the big interests. I want to say just a word about the stamp tax. In my opinion, this government have favoured the big interests in connection with the stamp tax. Very soon after they got into power, they fixed the maximum amount of stamp tax at $2 on cheques from $5,000 and upwards. This, in my opinion, works to the detriment of our farmers. Most of the farmers deal through their cheese factories and butter factories in amounts under $5,000, and this tax turns over to the farmer four times on every transaction weekly in the sale of his butter and cheese. But the large broker, who is dealing in amounts of $10,000, $20,000, $30,000, $40,000 or $50,000, has to pay a tax of only $2 on those amounts. In my opinion, that works out in the interest of the big interests of which the hon. member for Pontiac speaks.

I am in hearty accord with the reduction in the sales tax, but I think the government should have gone a good deal further. The sales tax has not been removed from lumber and cement, building materials. If this were

done, it would affect all classes. I believe in tax reduction that benefits all classes, and I urge upon the government to take into consideration the advisability of removing the sales tax from lumber and other building materials.

What Canada needs is a stable condition. With stable conditions, millions of dollars are ready to be invested in this country. During the last few years we have lost great opportunities, because capital is always nervous and will seek investment where stable conditions prevail. In the last two years we have had a government that has been talking about reduction of tariff, free trade, and during this budget debate we had the Minister of the Interior (Mr. Stewart) telling us that this budget sounds the death knell of protection and the Minister of Agriculture (Mr. Motherwell) talking free trade. How can we expect capital to be invested in the industries where such a situation prevails? This action is certainly driving capital out of Canada.

There are many other subjects which I should like to speak on, but at this late hour I will not detain the House. I want to say, in closing, that, in my opinion, this budget will go down in history as the most iniquitous piece of legislation that has ever been forced upon an intelligent electorate.

Mr. EDWARD N. HOPKINS (Moose Jaw): Mr. Speaker, I have been delighted with this debate, not particularly with the arguments, but with the candour of the speakers. If there ever was a time in the history of Canada when we should have plain speaking, it is to-day, and I am going to try for a little to discuss the problems of Canada in a very plain way. I am naturally going to commence near home in the Canadian West, which is a new country. When the Minister of Finance (Mr. Fielding), who, every hon. gentlemen regrets, is not in his place to-night, was making his maiden speech in the province of Nova Scotia, that great land to the West was a hunting ground for the Red man and a pasturage for the buffalo. No territory on this continent was ever developed with such rapidity as the Canadian West, and no other country ever will be in the future because it is the last great West. In the early days the farmers went into that country to solve a problem. They thought that problem was: Can we produce grain successfully west of the Great Lakes? After they had solved that problem, they found out that it was only the tail end of the problem; that they had yet to grapple with the real trouble and that is: Can we get a remunerative price for our product after we have produced it? We are well aware of the fact that we have to produce the grain, ship it across the whole continent and across 3,000 miles of water, land it on the hearthstone of the English farmer as cheaply as he can produce it and also compete with those not so remote from the Atlantic seaboard. In 1923, we produced in Saskatchewan, just in one of the provinces of the three, as follows:

Spring wheat	252,622,000	bushels
Oats	218,075,000	"
Barley	19,278,200	"
Rye	8,582,000	"
Peas	55,000	"
Beans	22,000	"
Mixed grains	944,000	"
Flaxseed	5,493,800	"
Potatoes	4,370,000	cwt.
Turnips, mangolds, etc.	585,000	"
Hay and Clover	425,100	tons
Alfalfa	16,000	"
Fodder corn	304,800	"

Livestock—	1923	Value
Horses	1,137,301	$59,931,000
Milch cows	403,813	15,645,000
Other cattle	1,131,274	24,133,000
Sheep	137,240	874,000
Swine	679,867	6,893,000
Total		$107,476,000

Let me give the values received:

Field crops	$248,778,000
Farm animals	11,912,000
Wool	142,000
Dairy products	19,366,000
Fruits and vegetables	2,461,000
Poultry and eggs	8,670,000
Fur farming	7,000
Clover and grass seed	103,000
Total agric. revenue	$291,439,000

That looks as if they were doing a little mixed farming. These are just a few of the figures, but the tragedy is this: We produce them without a profit and that cannot continue. The problem of the West to-day is to get remunerative prices for our products after we have produced them. What are we going to do about it? There are just two things we can do: We have got to raise the price of products; we have got to lower the price of the materials that enter into the production of those products. We are trying to raise the selling price of our products by co-operative marketing. I am very glad to say that the wheat pool is likely to be a success, and we have great hopes from it. The reductions in the tariff will to a certain extent also help us to produce cheaper, but those reductions are not enough. The problem of the farmer is—to get a remunerative price for his products. Something will have to be done to this end or he cannot continue.

We have been told that some of us in the West believe in class legislation. That is not

so. Let me say that I represent a constituency in central Saskatchewan, one-half rural and one-half urban: Twenty-five thousand people live in the city of Moose Jaw, and twenty-five thousand live outside. When I try to improve conditions in the country I do not have to apologize to my city friends, for they look upon the farmer as their life blood. Before I came down here I made a survey of local conditions, and I will describe what I found. The city of Moose Jaw is sometimes called the "Mill City". I went over to the mill in the first place, and said to the miller: "How are conditions?" He looked up with that smile that never comes off, and answered, "Pretty good." I said, "Don't you want a little protection?" "Oh, no," he replied; "all we want is a fair field and no favour." "But." I persisted, "is there not anything you want?" "Well," he said, "I wish they would build that line from Mawer to Dunblane, and give the wheat and coal a fair chance to flow down to Moose Jaw in its natural channel, and so help the other end of the Canadian National. We have $200,000 to increase our mill to five thousand barrels a day; it now has a capacity of three thousand; and we will make this investment if that branch line is built." I said, "You are easy." Then I walked over to some of my wholesale friends. Moose Jaw is a distributing centre and has five or six wholesale grocery firms. I went to one of them and inquired of the manager, "How are conditions?" "Well," he said, "pretty fair; the buying power of the people all through the country is decreasing, but we are trying our best to buy in the cheapest markets so as to give them bargains. The great trouble, however, is that sometimes when we get a bargain the anti-dumping clause comes along and spoils it all. Get that dumping clause removed so we can secure something cheaper for our people." I said, "All right." In the city of Moose Jaw we have the headquarters of seven or eight large lumber companies, having from forty to one hundred and twenty distributing branches throughout the three provinces, and I thought some of these people could tell me pretty well what the conditions were. I went to one company and asked the manager, "How do you find conditions? You are getting letters all the while from your distributing branches, and should be able to tell me." He replied, "To tell you the truth, the buying power of the farmer is decreasing all the time". I inquired, "Anything I can do for you?" He answered, "Yes. Lumber is a prime necessity in this country to house our people, and if the government took the sales tax off lumber that would be a help." I told him, "Likely if the government have not forgotten they will do that, for nobody will object to it and it will be a great help to the people." Moose Jaw is a railway and mill centre; thousands and thousands of people there wear the overalls and carry dinner pails. I go to some of them and ask, "What is your problem?" They reply, "Well, we get fair wages, but with the high cost of living we can hardly keep our families and educate them." Then I go to the salaried people, and I find it is the same thing all the time—the high cost of living. It begins to get on my nerves, and I go over to some of our retail stores. I say to the proprietors, "Here, the trouble with this country is the high cost of living. They tell me you get one-third as much for passing your goods over the counter as the people do who produce them. What have you got to say about it?" They reply. "Well, we cannot help it. Look at the rents we pay. We pay $400 a month for this store." I said, "I will see about that;" and I go to the landlord. "Why do you charge the storekeepers so much rent that it aggravates the high cost of living?" He answers, "I cannot help it. Look at the taxes I pay." I walk over to the mayor, and say to him,"What do you mean by charging these taxes?" "Well," he retorts, "two-thirds of our taxes are not controllable; we have got to pay interest on our bonded indebtedness; that is the trouble." I begin to think this thing out. I see hon. gentlemen here from Toronto. One of them tonight said, "We have got a magnificent street railway system." Another of the city's representatives said a few days ago, "We have expended so many million dollars to fix up the waterfront, and so much on the agricultural building. What a wonderful city it is!" And it is a magnificent city. But the cities all over Canada are copying the example of Toronto. That is the trouble. Let me quote from a newspaper report which I read the other day. It is as follows:

> In sounding a note of economy in a report to the city council, finance commissioner Ross said, "It is not an extravagant statement to say that a sort of financial madness is over the whole land. As private individuals we are living beyond our means, as citizens we have spent without thought and mortgaged the city so heavily that we and our children will groan under the burden."

Now, all the things hon. members have been talking about in this debate do not touch the real problem. I hope I am wrong in the opinion which I am about to express. I hope that five years hence if any hon. member stumbles across to-night's Hansard and reads my remarks he will be able to say. "That man did not know what he was talking about." But I am going to put it to you

straight and tell you what it is. All our life as business people we have seen one man get another man in an iron grip financially, and cripple him. We have seen that all over the country, and our comment has simply been, "That is only business;" and the world rolls on. But when a certain class of the people get another class in their iron grip and won't let go, in my opinion there is going to be a calamity. Now, I am going to tell you in as few words as possible what I think the problem is.

The problem is the great burden of debts that hangs over the people of the world like a cloud. If the year of jubilee would come, our supposed problems would disappear like the dew before the noonday sun. What is the result? A few of our people are struggling to pay the interest on their debts, which they cannot do; consequently the debt is piling up, while too many of our people are eating, drinking and making merry as a result of their toil. This cannot go on indefinitely. What is the remedy? The interest on these debts must be reduced to a point where the debtor can pay the interest on his debts and some part of the principal or he will become a slave to his debts. Let me give you a concrete example. At the close of the war the German Empire was the greatest debtor in the world. All the years since her creditors have been endeavouring by all means in their power to collect those debts, and they have not got very far. They have now agreed to accept an amount within the ability of Germany to pay, this amount to be fixed by a commission appointed for that purpose. If all debtors and creditors in the world would make their adjustments on that basis, I could see some hope ahead.

But what of ourselves? I do not mean the government, but every member of this House. We surely all have some responsibility. We have a heavy debt in this country considering the population, and we must remember that that is not the only burden our people are called upon to bear. Our provinces and municipalities also have heavy financial obligations. The cry of economy and retrenchment is in the air and I think it would be well for us to heed it. We in this corner of the House had little to do with the creation of our debt but we are very much interested in the matter and would like to see the debt reduced. The question is, how can it be accomplished? Business men would say, economise, cut down the overhead, take some of the advice you are giving so freely to our people; cut out the automobile, save gas, and come down a little nearer to the simple life.

[Mr. Hopkins.]

I notice on the order paper a resolution calling for the reduction of the sessional indemnity. I do not propose to argue that the present indemnity is too large, but I do say it would set the country a good example if we did reduce this indemnity, and I will have the greatest pleasure in supporting the resolution if it comes to a vote. It is generally conceded that we as a country are over-governed. A suggestion has recently been made that the membership of the Upper House should be reduced by about one-third. There is no doubt this could be done and the country would get as good legislation as it does today and a large amount of money would be saved. However the move to reduce the number of legislators is in the air, and I may say that a resolution to do this in Saskatchewan actually passed the legislature. We also hear it seriously advocated that the number of provinces in the East and West be reduced, and there is much to be said for this.

These are serious days, and the governments of the world are not facing the debt problem. These are not the days for the optimist or the pessimist. We want men of clear vision and stout hearts. If the creditors of the world will go on adding the unpaid interest to the debt and then demand their pound of flesh, we will only have two classes of people in the world. That great class that we are so proud of, which is commonly called the middle class, will have disappeared, and that would be a calamity. Government by party prevails in the world to-day; with all its faults we have never been able to evolve a better system. But I have often thought there might come a time when we could lay aside party consideration for a little and get around a common table for the country's sake. Has that time come? I think it has.

Mr. JOHN EVANS (Saskatoon): Mr. Speaker, the Acting Minister of Finance (Mr. Robb) in his budget speech this year made it very clear that there are certain basic industries on which the prosperity of all others depends. Agriculture is mentioned as the chief of these. One thing must be apparent to all, even to those who have during the last forty-five years become somewhat stupefied by privilege—that before the manufacturing class can realize any benefit from a system of protection there must be at least a larger class that cannot be protected and is unprotected in every way. This class in Canada is the agricultural class. Did the agricultural class have the same privilege by law to fix the price of its product as the manufacturers enjoy, there could be no benefit to either. I take it from the words of the budget speech

that the government has at last realized this fact, since agriculture is mentioned as coming in for more equitable treatment. But at no time has particular stress been laid by the party to which I belong upon the necessity for free agricultural implements as apart from everything else; in fact there may be an unfairness in singling out any particular industry for a cut in the tariff while the cost of living will be maintained at its present altitude. The agricultural implement industry has been in this position ever since the National Policy was inaugurated, and they know well what this means.

In the manifesto of the Canadian agricultural implement manufacturers as presented to the government they stress the idea on page 6 that if the tariff is taken off and their home market is open to competition their export trade is bound to languish and die, and they admit that the export trade was built up on the tariff when it was even higher than it is at present. Well, what is the inference? What do they mean by this statement? The inference is that the home consumer has been charged a price that ensures a profit over the whole of their sales, export and home trade alike. There is no other meaning to be taken from it, and the facts of the case bear out my deduction. They say they have never sold implements in foreign countries cheaper than at home, but let us see what the facts are. Any one who followed the events of Sir Wilfrid Laurier's visit to the West in 1910 cannot fail to realize the truth of the matter. If we take the Grain Growers' Guide of February 16th and August 2nd, 1910, we find that Ellis Mumford, Palmerston, Ontario, noticed on his visit to England in that year that Massey-Harris 6-foot binders sold for $130 with full equipment. At the same time he saw ploughs made in Canada selling at $3 less than the price in Ontario, close to the factory. The binder selling at $136 had full equipment and a tarpaulin cover to put over it when it was idle in the field. The price in Saskatchewan at that time was $160, or $164 for the privilege of two payments.

Mr. McMASTER: With tarpaulin?

Mr. EVANS: No, without tarpaulin. The Toronto Globe of August 5th, 1910, which had a representative with Sir Wilfrid when he made that tour, says:

> Talk to any man whether he be farmer, merchant, banker, or real estate agent, and he will inevitably revert to anathemas on the protective tariff and on the prices of implements in the different countries; he is loaded with prices and dates too.

Now the retail prices of implements as given by the firm of John Wilders, Hall Foundry, Reading, England, for the same year, on April 10, 1910, over the signature of Mr. Wilder himself, are as follows:

> Massey-Harris, 6-foot cut, $140.94; McCormick, 6-foot cut, $121.50; Deering, 6-foot cut, $126.36. The Saskatoon retail price at that date was from $160 to $164.

Also at that time Mr. C. H. Hart in the Grain Growers' Guide of October 26, 1910, stated that there was a difference of 30 per cent between the price of a binder in Manitoba and Dakota. Now these facts have never been refuted, and they suffice to show to what an extent the agriculturist has been exploited. But after all, be it said in fairness to the implement manufacturers in Canada, they have never indulged in this form of exploitation to the extent that many of our other protected manufacturers have done, and the worst offenders in this case have been those who have used the raw product of the farmer himself, such as wheat, oats, hides, wool, and so on. There has never been any relation practically between the price of wheat and flour, oats and oatmeal and rolled oats, wool and clothing, hides and harness, and so forth. The operators in these things have been the worst offenders, and our protective tariff has enabled our Canadian millers even to dump flour on the European market against the very best mills in the world, those of Britain and Holland, to the detriment of the price of the farmer's own wheat in western Canada.

To return to the implement industry, the late manager of the Massey-Harris Company told the Drayton Tariff Commission in 1920 that given free trade in the materials that enter into the production of their products, they could make as much money under a free trade system as they are making now. There was an utterance regarding our protective tariff by one of the best business men in Canada at the time. It is significant from the fact that here was one manufacturer who had at last realized that even did he want to make of this Dominion an industrial country, with big cities and tall chimneys, there was only one way of doing it, and that was to make manufacturing as cheap here as in any other country in the world. That is why Britain has led the world in manufacturing industrialism and civilization, during the last half century particularly. Anything in the way of a tariff that drives the cost of production out of line with world prices is bound to prove a boomerang even for those for whose benefit it was inaugurated. No Canadian exporter hopes to successfully compete in the world's market only as he

relies on the price charged to the home consumer to give him a profit on the whole of his sales, domestic and foreign alike. There is no other meaning to be taken from the manifesto of the Canadian implement manufacturers, and it is the same with the rest of the manufacturing industries too. I say that this is a regular feature of the protective tariff, that the cost of manufacturing is driven to such a height in this protected country that the class that is unprotected is exploited by high prices to ensure a profit for the manufacturers at home and abroad.

Now I want to speak for a short time on on another feature of the tariff, a feature that throughout this country is not as well understood as it should be, and that is the dumping act. After the capitulation of the Liberal party in 1897 they soon became fast friends with their old enemies, and between them they evolved new methods to further the interests of the protectionists, or I might say, to further the interests of the paternalism of pelf, and in 1904 the dumping act was evolved. Now, just as the Tariff act was amended in 1922 for the sake of the British Columbia apple growers, so in 1904 the dumping act was added to the Tariff act for the sake of the steel industry of that time. The steel industry had not been long established, and notwithstanding the fact that they needed an anti-dumping measure in addition to all the privileges which they had enjoyed previously, the Canadian Steel companies are notorious to-day as the greatest dumpers of goods in the foreign countries of the world. At that time the people of Canada were paying $7 a ton bounty on steel rails in Canada, and this enabled them along with the tariff, favoured railway rates, exemption from taxation, and so on, which this country was giving them, to dump their rails at a price very much below the world's prices at that time. Let me give an instance. The Dominion Iron and Steel Company was dumping rails in the southern Punjab that year at $24 a ton, while for the government section of the Transcontinental railway in Canada the people of this country were paying for their rails, including the bounty, $39 a ton, at the very time this company was dumping their rails in India at below the world's prices.

Jacob Viner, in his book on dumping, relates how in 1910 the United States Tariff Commission received complaints of dumping by Canadian producers of even harness leather, sole leather and particularly lumber, while it is questionable if the agriculturists of any country were paying as high for these goods as we were doing at that date. Dumping is essentially a feature of a high protected country. There is no dumping in England. England never fears any dumping, and England does not engage in that nefarious practice herself against other countries. There was at that time no such law on the statute books of any other country in the world. In fact, it may safely be said that Canada has led the way in devising ways and means to fool the public for the benefit of professional politicians and privileged interests in the greatest system of legalized pilfering that the world has ever known. It is doubtful if any other country would have such a law on its statute books to-day if Canada had not set the example. It was not until 1921, that the United States enacted legislation which in any way resembles our dumping act of to-day. The five self-governing dominions of the British Empire also have a law of this kind following Canada's example. Now I think it is one of the greatest political incongruities in the world that history may record that the professedly free trade government of this country has led the world in protection or legalized pilfering. It is a shame. The anti-dumping measure enacted in 1904 by the Liberal government was put into force largely to offset the demand of the manufacturers at that time for higher protection. It was for this reason the anti-dumping act was enacted. By that time the politicians of both parties had placed themselves in such a position of relationship to and community of interest with the protected manufacturer that they could be dictated to, and could refuse only to their own hurt. Again, as Jacob Viner naively puts it, the manufacturer was the one important source of campaign funds for both parties. For that reason they have been able to exercise control over the trend of tariff legislation in Canada. Faced with this dilemma the government had to find some ingenious way of escape because about this time the Agrarian revolt was almost in full swing. So the anti-dumping law was placed on our statute books in the hope that it would please the manufacturers and fool the farmers into the belief that the government had resisted the demands of the manufacturers for a higher tariff. This surely is a most humiliating thing for history to record. Mr. Fielding declared at that time that all that was needed was a temporary measure to deal with a temporary condition. Twenty years have passed since then, and the dumping act has been so strengthened by amendments that it has become a more complete measure for price-fixing and eliminating com-

petition than the original act itself. I want to state right here that a real reign of terror has been inaugurated by the Customs department, by the board that administers this act, and so effective is this court of the inquisition that none of its victims will dare to give information as to the treatment they have received, lest the screws be put on a little tighter next time, and the rack be screwed a little further. Indeed, the whole idea of the dumping act is to make it absolutely impossible to import goods of any kind. A paragraph in a letter from one of the great distributing firms in western Canada has this to say regarding the dumping act:

> The imposition of the dumping duty means we are trading in the dark not knowing just exactly what our costs are until after the goods are received and reshipped out, the duty in some cases being applied after we have even made collection.

Now, while in some years the duty collected under this dumping clause has not exceeded $75,000, yet we keep an army of inspectors in foreign countries to harass the exporters there, and to examine the books of the manufacturers to see that they are not falsifying their invoices. In face of this I ask is it any wonder that our foreign trade is falling off when we invite the foreigner in this way to treat us always with suspicion.

I am glad to see that the government has seen fit, on second thought, to cancel the regulation made on April 8, this year and restore the regulation of September 1, 1914. Coming as it did concurrently with the changes provided for in the budget it looked as though the manufacturers had again been satisfied that the budget provisions would not in any way hurt them. Here let me again state that changes of this nature should not be left in the hands of any one man or even a board to administer, more especially a board that is appointed with the sanction of those who are interested in tariff protection only. The dumping act is administered to-day in the interests of the manufacturers by a board trained by themselves, the head of that board being in former days a servant of the Canadian Manufacturers' Association as their tariff expert. I want to tell the House that no statutory regulations govern it at all; each case is decided according as they see fit and the exigency of the matter from the viewpoint of monopoly and exploitation.

As far as the consumers of this country are concerned the dumping act is a piece of galley-slave legislation, robbing citizens of their rights as such and giving a favoured few the right to exploit the rest of us. The old dumping act as redrafted in 1907 was surely bad enough, and gave the Minister of Customs wide latitude of privilege on the one hand while it permitted exploitation on the other. Our agricultural societies have for many years been discriminated against in its application, in that those who have had to administer it would not concede to co-operative companies the right to be classed as jobbers or dealers in any lines of goods they wanted to import notwithstanding their continuance in the business or the amount of goods they were buying. I maintain, as I have done before in this House, that in the matter of importations no government has the right to discriminate between one citizen and the other. If I can go to the United States, or any other country and buy from a manufacturer at manufacturers' prices, all that I should be expected to do is to pay the scheduled rate of duty on my purchases on entry into this country.

That is my right as a citizen and unless I am accorded that right I am not exercising my citizenship to the full as I should do. To-day the Minister of Customs can actually determine the purchasing power of the dollar of the workers, or the meagre earnings of the agriculturists, who have to shoulder the burden of providing for the protectionists' voracious appetite. The dumping act with these changes mentioned is the one thing to-day that stands between us and the lowering of the cost of living in this country and bringing the cost of production in line with world prices. My protectionist friends to my right and protectionist Liberals opposite wish to distract our attention from this to the state of Europe. Here, they say, lies all our trouble. Europe may be in the best state imaginable as to trade, but here is a measure that prevents the non-protected class of this country from coming in line to take advantage of any improved world conditions. I say it is at the bottom of all our troubles to-day. Abolish the dumping act now and next year you can abolish the bonus to the civil servants, and they will thank you for it. Abolish the dumping act and wages on the farm and in the factories and on the railways can be immediately lowered. Production will come in line with world's prices, and transportation rates will be cut so that the commerce of this country can move freely to and from the markets of the world. It is certainly a sorry business for a government to step in between one citizen and another and to say to one, "You may import on the manufacturer's invoiced price", and to say to the other, "You will have to pay a dumping duty, equal to the difference between the price you bought the goods for and the fair market value for

home consumption in a retail way". The farmers of Canada have repeatedly tried to lower their cost of production by buying at first cost. When they could not do this in Canada there was nothing for it but to import. They have been met at every turn with the dumping act, and because they are not recognized under the rules of combine as jobbers or dealers they are by law denied the right to purchase except at retail prices. I have here a lettergram from one of my constituents who was assessed under the dumping act a large sum of money because it was charged that he had imported too cheaply some goods that had gone out of style in the country of origin. Just fancy our tariff board at the instigation of the manufacturers dictating to us what we shall wear, and what we should not wear.

Mr. McMASTER: That should be left to the Minister of Customs.

Mr. SALES: It should not be left to anybody.

Mr. EVANS: Again let me say that I always thought the sales tax was a percentage on the transaction, but here again discrimination is practised, and the same lettergram states that the import sales tax favours the wholesale importer as against the retail importer. I think this is a state of affairs, when taken altogether, that is unbearable to a free people if they know the conditions. This country is in a position to-day of having a combination of politicians and privileged interests which have been formed, and they together have agreed that the cost of living shall not be lowered; in fact they have the power to-day to say what the standard of living shall be. The dumping act is a piece of legislation dictated by greed, with the one idea of creating a monopoly to control everything as to price which our people need to buy. It is slavery. I have made the statement that the dumping act as administered is arbitrary and tyrannical in its application. Not long ago a gentleman was sent all the way from Nelson, B.C. to Winnipeg to assess two cars of apples. These apples were of a class and kind not grown in Canada; but is it reasonable to bring a man 1,200 miles to assess a car of apples? I suppose if someone in Saskatoon happens to get a car of apricots next season too cheaply according to their idea, a man from Niagara will have to be sent up there to adjust it.

Mr. McMASTER: Were they Northern Spies?

[Mr. Evans.]

Mr. EVANS: No. I suppose if Vancouver gets a consignment of cotton from Great Britain at a price below what the Minister of Customs will consider a fair market value for home consumption, at the instigation of a representative, say, of Dominion Cottons Limited, somebody from Montreal will have to go 4,000 miles to adjust the duty. Is this the way to collect revenue? I think it is time the common people of this country inquired who Canada belongs to anyway, and for whose sake and for whose benefit its affairs are administered. Is the purchasing power of our earnings to be determined by the Minister of Customs with all these privileged interests at his elbow? The people of the prairies have to do without many things. They have to do without fruit to the detriment of their health because of the present protection. It is not too much to say that British Columbia could have found a sale for 1,000 cars of apples more on the prairies had the price been in line with the price of what we have to sell; and that would have been the case but for the duty and the arbitrary application of the dumping act. It is a sorry plight to which any country can be brought when the manufacturers and producers can set the price of their product, and have their exploiting tendencies recognized in the legislation of the land. This letter from the Western Canada Jobbers' Association has the following to say regarding this matter:

> The fair market value this year, for home consumption in the United States, as set by the growers in British Columbia on C. grade apples, was $1.10, and the jobbers were assessed 15 per cent on $1.10 because the apples purchased in the United States were purchased at a price which was more than 15 per cent below $1.10. If it can be proven that United States growers are selling for export to Canada at a lower price than for home consumption, then probably our industry should be protected. But we could buy good apples in Washington for 80 cents which was the price at which they were sold in the United States. Why pay dumping duty because the British Columbia growers claim that the growers in the United States should be getting $1.10.

I always thought that the meaning of dumping was that they were being sold for export at a cheaper rate than they were being sold at home. This is not the case, and yet the dumping act is being applied. Again this bears out the assertion I have already made.

> In Washington the cost of packing a box of apples is figured at 42 cents, everything included, while in British Columbia they figure their cost up to nearly 80 cents.

The trouble with the British Columbia apple grower is the same as with the manufacturer. By protection the cost of doing anything is driven altogether out of line. Relations between the British Columbia apple

packers and the buyers on the prairies are very much strained. The prairie provinces will be glad to buy their fruit in Canada, but I would advise the producers or British Columbia salesmen not to antagonize their best market.

Some beneficial changes have been announced in the budget. The one great change that I want to see yet is the elimination of this dumping act, and until then the people of this country will not have the freedom to which they are entitled.

Another change which I should like to see is that all bounties which were granted last year to certain industries should also be abolished. Why should we give a bounty to what is called the artificial silk industry? It is protected under the ordinary duty relating to cottons, and cotton it is. Why should we also give to a rich company in this country a bounty up to a quarter of a million dollars for making their own copper or brass rods, while on all that the people will have to buy and use, they have to pay 30 per cent duty? Is there any fairness in this? Will any member on the government side, when he speaks next. tell us why they have to link up with all those industries by tariff, bonuses, and bounties? Why are the people shackled through the tariff in all their operations?

Let me deal with a few of the general remarks that have been made in this debate. A good deal has lately been said regarding the Laurier-Fielding tariff, and our protectionist tariff friends here have sighed for Fielding and his stability. As regards the Laurier-Fielding tariff, there has never been anything in Canada by way of a tariff that could rightly be called by that name, and the name of the Grand Old Man should not be coupled in this connection with it. The development of what I like to term as the "communism of pelf" reached its height, it is true, under the Liberal administration in the year 1906 or 1907. Despite the fact that Mr. Fielding was a member of the resolutions committee at the great convention in this city in 1893, at the tariff revision of the session of 1906-07, he piloted the Tariff Act through this House in the spirit of a Dingley or a McKinley. It is a noted fact to-day—and let history be fair—that the Prime Minister through it all was significantly silent. He was a disappointed man with his party. Being a free trader, he was disappointed, and through the whole piloting of that Tariff Act of 1906-07, Sir Wilfrid Laurier was significantly silent. The one thing that surprises us now is that Sir Wilfrid Laurier stayed with his party trying to please two factions, with a consequent stultification of his better self. But it is wrong and an injustice to couple his name with that of the Minister of Finance of that date as regards the tariff.

I was pleased the other day to see in a Montreal paper a statement by the Massey-Harris Company. I do not think I need trouble to read it as this House is pretty well acquainted with it. It is a statement that is calculated to create a better feeling between the different classes of this country. Let me read one part:

> The Canadian manufacturer of farm implements has been in a measure compensated for the loss of protection on the finished goods by modification of the customs tariff on the materials and so on which he uses. Heretofore, many material items carried a rate of duty greater than that which applied to the finished implements, and in this respect the industry was handicapped. The lowering of these duties, together with further adjustments just made, has remedied these inconsistencies and so far as the Massey-Harris Company is concerned, we shall endeavour to adjust ourselves to the new conditions and we will give to the Canadian farmer every possible advantage arising out of the changes made. We rely upon him to do everything within his power to stimulate Canadian industry by the purchase of Canadian made machines.

That is a significant utterance coming at this time. I would advise other Canadian manufacturers to show something of the same spirit.

Mr. SUTHERLAND: How much of a reduction will the hon. member expect in the price of agricultural implements as a result of the changes in the tariff? What reduction on a binder will be satisfactory?

Mr. EVANS: I could not say offhand what the appraisement of a binder is.

Mr. SUTHERLAND: It is $280 or $300.

Mr. EVANS: It is more than that.

Mr. SUTHERLAND: The hon. member would naturally expect to have a reduction of as much as the sales tax would amount to.

Mr. EVANS: Quite that and we are promised even the reduction of the tariff. How puny are such statements made by the hon. member for North Toronto (Mr. Church), when he says that the present budget will close down our industries and that we shall lose the industrial supremacy we have. At page 1754 of Hansard he is reported as saying:

> The International Harvester Company can now close its doors in Hamilton and manufacture in Chicago. The money invested in Hamilton is just so much waste and the plant can now be scrapped.

I have heard it said that Hamilton is a city that was built by protection. All I say is that what has built Hamilton is what has de-

stroyed the rural life of Ontario itself, to say nothing of the other provinces. In fact, our system of class privilege has destroyed at last the very foundation of our industrial and agricultural life. What shall be said of the hon. member for Brantford (Mr. Raymond), who says that although ploughing a lonely furrow, he will still do so with a Brantford plough? He will stick to his course. The trouble with our protectionist element is that they have been stupefied by privilege granted by law. They look upon it now as their inherent right. Protection at the best is a national imposition, any phase of it. Sir Richard Cartwright called it robbery by law, and robbery it is; but the pitiful thing about it at this late date is the fact that those who were given the privilege in the first place fail now to discern even that robbery is a sin. The only thing that hurts now is the fact that the pocket they have been accustomed to pilfer is empty.

I should like before closing to call attention to some statements of the hon. member for Vancouver Centre (Mr. Stevens). I wish he was in his seat. In a most passionate speech the other day he undertook to tell us what was wrong with the country at this time. He said that tariffs should protect against a lower standard of living. Everyone in the party to which I belong knows that those today engaged in the basic industry of this country have their standard of living lowered by the tariff itself to the very limit of existence. In this connection, too, I would point out that the favourable balance of trade mentioned by the Acting Minister (Mr. Robb) is more due to the fact that our people have sold to the poverty line than to any general prosperity.

Now, the hon. member for Vancouver Centre (Mr. Stevens) implied that our trouble is attributable to the farmers raising but one commodity—a most erroneous idea and made in actual ignorance of existing facts. His philosophy is terribly astray when he says that we should have a tariff that would give us advantageous admittance to the markets of other countries. Yet he deplored the fact that Canada bought $4,900,000 worth of goods from Germany! He said, "This is an evil." But we sold to Germany nearly three times that amount of goods. He also said that we could gain favourable access to other countries by a tariff. And he believed that we should treat other countries as they treat us. Yet when asked by an hon. member from this side if he would be willing to treat Britain,—free trade Britain—as she treats us, by giving her free entry to our market, he answered, "Oh, no, that would be an evil too." And this, notwithstanding the fact that over four hundred Canadian firms are to-day successfully doing business in Great Britain selling Canadian goods! But the protectionist mind is always a mystery. It has now become so callous as to demand a preference in the British market because we, in our erroneous idea of fair play, give Great Britain a nominal advantage only to climb our virtually inaccessible trade barriers.

The hon. member also says that we must protect our factories so that our railroads will have the tonnage needed to make them pay. It is surely a well-known fact that manufacturing can only be carried on successfully when the raw material may be had on a very short rail haul. This as things go is natural. I know a factory can function any old place under protection, but no one is able to purchase its output and live. Surely any Canadian who looked into this matter at all will know from experience that such is the case.

Again, the hon. member advocated a spirit of co-operation—national co-operation between the different classes. Now, this co-operation was never questioned so long as the agriculturist, like a faithful beast of burden, was carrying all the others on his back; but since he has lain down under the load the hon. member is crying to the government, "Give me a pair of new spurs." Failing that he says, "Give me a sword, for now I would slay thee," as Balaam said to his ass.

The hon. member deplores the fact that our iron ore is going to the United States, but he never dare hint—at the expense of spoiling his own argument—the reason why. I will tell him the reason. Those for whose benefit protection has been created have so driven the cost of working that ore altogether out of line with world prices that they themselves have no longer any confidence in their own policy, and instead of investing Canadian liquid funds in the Dominion, these funds are being remitted to other countries for investment in concerns competitive to our own. Then these patriots cry out at election times, "No truck or trade with the Yankees or any other foreign country." This surely is a new brand of patriotism.

The hon. member advocates that a protective wall be placed around the British Empire. What does he mean? This is nothing more than a protective scheme to embrace the whole British Empire and place its inhabitants at the mercy of an empire-wide combine,—similar to the combine which the people of Canada have been in the grip of for the last forty-five years. I say this country needs a

change. Agriculture has been nearly choked to death by protection. Our protectionist friends tell us that all other industries are in an awful state. Protection is ruining agriculture, our basic industry. Our farmers have been delivered over to the tender mercies of those who by their wealth have power to secure legislation that can be called by no better name than that which the late Sir Richard Cartwright gave it, "Robbery by law". The woollen manufacturers tell us that their industry is about to fall; that the country is going from bad to worse. Our banks are tumbling one after the other; no one can tell what is going to happen next; there is no confidence in any of our banks. At the same time politicians in this House have successfully resisted any effective method of bank inspection.

What shall be done? The one thing to do to-day is to free the agricultural industry from the burden of protection. Take all protection off the cost of living and the cost of production. The farmers themselves then will redeem this country from the state it is now in. Production on the farms will be increased; our vacant lands will be filled up without any expensive immigration policy either; our factories will be busy again supplying goods for the country; and, best of all, there will be a virile contented population on the land, without which no country in the world can survive.

On motion of Mr. Hoey the debate was adjourned.

On motion of Mr. Graham the House adjourned at 1.20 a.m. (Wednesday).

Wednesday, May 14, 1924

The House met at three o'clock.

CANADIAN NATIONAL RAILWAYS

BILLS TO AUTHORIZE THE CONSTRUCTION OF BRANCH LINES

Mr. FRANK CAHILL (Pontiac) presented the sixth report of the select standing committee on Railways, Canals and Telegraph Lines, as follows:

Your committee have considered Bill No. 38, an act respecting the Esquimalt and Nanaimo Railway Company, and have agreed to report the same without amendment.

Your committee have considered the following bills and have agreed to report them with amendments, viz.,

Bill No. 30, an act respecting the construction of a Canadian National Railway line between Rousseau and Laurent, in the province of Quebec.

Bill No. 46, an act respecting the construction of a Canadian National Railway line from Lloydminster, in the province of Saskatchewan, northwesterly 45 miles.

In compliance with the order of May 12, your committee have further considered Bill No. 40, an act respecting the construction of a Canadian National Railway line to Mile 41 of the Melfort branch near Nipawin in the province of Saskatchewan, and have agreed to report the same with further amendments.

With regard to the last mentioned bill, your committee beg to recommend that the title be changed to read as follows: "An act respecting the construction of a Canadian National Railway line either to Mile 41 near Nipawin or in a northeasterly direction to a point in Township 48, Range 13, west of the second meridian, in the province of Saskatchewan."

All of which is respectfully submitted.

BANKING AND COMMERCE COMMITTEE

LEAVE TO SIT WHILE HOUSE IN SESSION

Mr. THOMAS VIEN (Lotbiniere) presented the fifth report of the select standing committee on Banking and Commerce, as follows:

Your committee recommend that leave be granted them to sit while the House is in session.

All of which is respectfully submitted.

Mr. VIEN moved that the report be received and concurred in.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, if these motions are to pass as they have been passing, granting large committees one after the other power to sit while the House is in session, the House itself will become a mere formality. It would seem to me it would have been better had the committees commenced work sooner, and not now be usurping the time of parliament. I do not like consenting to so many committees sitting while the House is in session.

Mr. VIEN: I may say that this motion met with the same objections in the Banking and Commerce committee. It is not the intention, so far as I can judge, to sit while the House is in session, except in exceptional cases. The committee, under the powers that were granted to it, have summoned witnesses from Washington and New York, the presidents of banks and experts on financial matters, and they have felt that it would be quite unfair for these gentlemen, who are very busy, to sit only from eleven to one o'clock and then keep them waiting over until the committee sits the next day. Therefore, we have asked the privilege to sit while the House is in session, but I think it is the general consensus of opinion in the committee not to abuse that privilege but to exercise it only out of regard for these gentlemen who are being summoned to appear as witnesses, and who are coming here, not compulsorily, but quite voluntarily.

Mr. L. H. MARTELL (Hants): Mr. Speaker, I should also like to call your at-

tention to this fact, which I think is very pertinent, that often many committees are called to meet at the same hour and hon. members in many cases are members of several committee. I think that is most unfair, and the matter should be looked into with a view to finding a time for the committees to meet so that hon. members can attend the various committees of which they are members, instead of having three or four committees meeting at the same time, which makes it impossible for the members to attend some of the committees.

Mr. VIEN: Mr. Speaker, I was going on to state when I was interrupted by my hon. friend, that some of the witnesses have expressed in their telegrams a desire to be able to return home the very same day. I might mention, for instance, Mr. Skelton Williams, who was formerly Comptroller of the Currency in the United States, and now of Richmond, Virginia. He was very willing to come voluntarily to give evidence before the committee, but at the same time he expressed a desire to be able to return home on the same day if possible.

Mr. MEIGHEN: I am not a member of the committee, Mr. Speaker, but I must be permitted to doubt the wisdom of the initial step of the committee in having witnesses come from the ends of the earth to advise us on banking matters. Still, it has been done, and as apparently it is only the intention to utilize the time of the House to hear these witnesses I withdraw my objection

Mr. SPEAKER: By unanimous consent.

Motion agreed to.

UNITED CHURCH OF CANADA

Petitions were presented from certain members of the following congregations, severally praying that the proposed legislation incorporating the United Church of Canada be not enacted:—

Almerite Presbyterian Church,—Mr. Duff.

Presbyterian Church, Little Narrows; Presbyterian Church of Middle River and other places; Kennetcook Cor.; Presbyterian Church of Shubenacadie; Presbyterian Church of Gore and Kennetcook; Presbyterian Church of Elmsdale and Nine Mile River, all of Nova Scotia,—Mr. Martell.

Petitions were presented from certain members of the following congregations and bodies severally praying that the bill now before the House to incorporate the United Church of Canada be passed during the present session:—

Methodist Church, Allison, Ont.; Grace Methodist Church, Brampton, Ont.; Union Church, Foam Lake, Sask.; St. James Methodist Church, Peterboro, Ont.; Westminster Presbyterian Church, Saskatoon, Sask.; Methodist Church, Parry Sound, Ont.; Presbyterian Church, Cape John and Caribou, N.S.; Salem Church, Tupperville; Yonge Street Methodist Church, Toronto,—Mr. Hubbs.

Presbyterian Church, Rockwood, Ont.; Union Churches, Dinton and Gladys; Methodist Church, Mount Pleasant, Fairmont and Cavan, Ontario; Rivers Union Church, Pettapiece, Man.; Methodist Church, Kingston Mills, Ont.; Methodist Church, Selby; Union Church, Rossland, B.C.; Methodist Church, Renfrew, Ont.; Presbyterian Church, Grand Bend; Gray Church, Ricetown, Sask.; Methodist Church, Leamington; Methodist Churches, Clandeboye and Lucan, Ont.; Burns Presbyterian Church, Ashburn, Ont.; Union Church, Russell, Man.; First Congregational Church, Ottawa; Methodist Church, Bluevale, Ont.; Methodist Churches, Belgrave and Sunshine; Union Church, Macklim, Sask.; Methodist Churches, Bensfort, Baiteboro and Fraserville, Ont.—Mr. Halbert.

Quebec Association of Ministers and Churches of the Congregational Churches, Cowansville, Que.; St. John's Methodist Church, Winnipeg; College Avenue Methodist Church, Woodstock, Ont.; Presbyterian Church, Granum; Union Church, Lethbridge, Alta.; Methodist Church, Waterford, Ont.; Presbyterian Church, Kagawong, Ont.; Methodist Church, Caledon East, Ont.; Presbyterian Church, Fergus, Ont.; Presbyterian Church, Coniston, Ont.; Methodist Church, Beachburg, Ont.; Gordon Methodist Church, Winnipeg, Man.; M. Hackney and 65 others, Zephyr, Ont.; Methodist Church, East Angus, Que.; Presbyterian and Union Church, Ellisboro and Weldon, Sask.; Wesley Methodist Church, Selkirk, Man.; Methodist Church, Roblin, Ont.—Mr. Brown.

Presbyterian Churches at Cyde, Pibroch and Westlock, Alta.; United Church, Edson, Alta.; Highland Park Presbyterian Church, Edmonton South, Alta.; Methodist Church, Salmon Arm, B. C.; Union Church, Minitonas, Man.; Methodist Church, Oak Bay, N.B.; United Church, Gallivan and Rockhaven, Sask.; United Church, Topley and Foresdale, B.C.; Union Church, Smithers, B.C.; Union Church, Peachland, B.C.; Presbyterian Church, Pelly and Norquay, Sask.; Presbyterian Church, Bellmuir; Methodist Church, Dauphin, Man.; Union Church, Lillooet, B.C.; Presbyterian Church, Success, Sask.;

United Church, Estevan, Sask.; Methodist Church , Cloverdale, B.C.; Hartney Hall Union Church—Mr. Charters.

Dunleath Congregation, Sask.; Presbyterian Church, Norland and Dongola; Congregational Church, Kingsport, N.S.,; Methodist Church, Macleod, Alta.; Hale Street Methodist Church, London, Ont.; Wesley Methodist Church, Galt, Ont.; Bell Street Methodist Church, Ottawa; Presbyterian Church, Murray Harbour, P.E.I.; Methodist Churches, Little Briton and Valentia, Ont.; of Wm. P. Wright and 14 others of the city of Toronto; Cameron, Trinity Methodist Church; Methodist Church, Stoney Creek, Ont.; Presbyterian Church, Windsor Junction; Presbyterian Church, Flesherton, Ont.; Methodist Churches, Ebenezer and Bradford; Union Church, Foxwarren, Man.; Methodist Church, Pleasant Forks; Methodist Churches Portreeve and Lancer, Sask.; (Presbyterian) Union Churches, Magrath and Spring Coulée, Alta.; Methodist Church, Maple Creek; Sask.; Union Church, Elstow, Sask.; United Church, Kelowna, B.C.; Union Church, Daysland, Leith and Rosalind, Alta.; Union Church, Elk Point, Alta.; St. Andrew's Presbyterian Churcsh, Langley Fort, B.C.; Union Church, Monitor, Alta.; St. Andrew's Presbyterian Church, Boissevain, Man.; United Church, Okotoks, Alta.; Congregational Church, Eatonia, Sask.; United Church, Grandview; Methodist Church Mono Mills, Ont.; Methodist Church, Moulinette, Ont.; United Church, Orrville, Ont.; Methodist Churches, Hawthorne, Bowesville and Leitrim; Ont.; Presbyterian Church, Joliette, Que.; and of W. A. Hanna and 25 others of the Methodist Church at Port Carling, Ont. —Mr. Stewart (Leeds).

On the petitions being presented:

Mr. A. R. McMASTER (Brome): Mr. Speaker, I rise to a point of order, whether it would not be possible to have these numerous petitions for and against Church Union placed on the Table of the House, to have them appear in Hansard the next day, and thus save some very valuable time.

Some hon. MEMBERS: Hear, hear.

Mr. SPEAKER: The members are at liberty to do exactly what the hon. gentleman has just suggested, but they also have the privilege, if they so desire, of reading the petitions from their seats. Of course, it would save much valuable time if the petitions were simply handed into the Clerk of the House. They appear in the Votes and Proceedings the next day.

Mr. THOMAS SALES (Saltcoats) thereupon laid a petition upon the Table.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CAR-LOADINGS IN CANADA

Sir HENRY DRAYTON:

1. What were the total car-loadings in Canada (a) in April, 1923 and (b) in April, 1924?
2. What were the total car-loadings in Canada on the Canadian National Railway system (a) in April, 1923, and (b) in April, 1924?

Hon. Mr. LOW:

1. Total car-loadings of revenue freight on the principal railways in Canada for the weeks ended April 5, 12, 19, and 26, 1924, were 210,960; for the corresponding period of 1923 they were 205,820.

2. Total car-loadings on the Canadian National Railways for weeks ended April 5, 12, 19, and 26, 1924, were 99,264; for corresponding period, 1923, they were 99,533.

N.B. Data regarding car-loadings are collected and compiled on a weekly basis only.

MR. ARONOVICI—HOTEL SCRIBE

Sir HENRY DRAYTON:

1. What special services were performed by Mr. Aronovici between December 1, 1922, and April 15, 1923, for which he was paid $5,625?
2. Does this sum cover the whole amount received by Mr. Aronovici in respect of the Scribe hotel?
3. Who was the owner of the Scribe hotel two years ago?
4. With whom did Mr. Aronovici negotiate the purchase of the Scribe hotel?
5. What commisions were arranged for?
6. What net sum of money did those owning the hotel two years ago receive for the property?

Hon. Mr. GRAHAM:

1. Mr. Aronovici investigated the entire emigration position in those countries on the continent of Europe from which emigrants might be expected. He reported on the probable number of emigrants from each country, the conditions under which emigration could be induced and, generally speaking, examined the whole emigration problem from the company's point of view. In addition to this he reported on the opportunities for improving the company's position and securing additional freight, passenger and express business.

2. The sum in question had nothing to do with Hotel Scribe and, as indicated in the answer to question No. 1, was compensation paid to Mr. Aronovici for the services described during the period mentioned.

3. No information.

4. With the owners.

5. Question not understood. Mr. Aronovici was on salary from April 15, 1923, to December 31, 1923.

6. No information.

SCRIBE HOTEL PURCHASE

Sir HENRY DRAYTON:

During the last session of parliament, it was stated that two million dollars had been used in the purchase of the Scribe hotel, but on April 24, of this year, the House was informed the cost was $2,733,693. What are the names and addresses of the persons, firms or corporations receiving any portion of this extra $733,693, and for what purposes or reasons did they receive such payments?

Hon. Mr. GRAHAM: There was paid for the hotel property 28,000,000 francs, or approximately $2,000,000. The sum of $2.733,-693 included the cost of the property, taxes, imposts, removal of tenants, etc.

CANADIAN NATIONAL RAILWAYS—TRAINMEN LAID OFF

Mr. BLACK (Halifax):

1. Have any trainmen at Stellarton or Pictou, Nova Scotia, employed by the Canadian National Railways been laid off on account of slack work?
2. If so, how many?

Hon. Mr. GRAHAM:

1. Yes.
2. 25.

CANADIAN NATIONAL RAILWAYS—CAR CHECKER, WESTVILLE, N.S.

Mr. BLACK (Halifax):

1. Who fills the position of car checker on the Canadian National Railway at Westville, in the county of Pictou, Nova Scotia?
2. When did the appointment take effect and what was the reason for it?
3. Who was previously employed in this position and when and why was he retired?

Hon. Mr. GRAHAM:

1. T. J. Gray.
2. April 24th, 1923; to check cars supplied to and used by the mines at Stellarton and Westville.
3. No one previously employed.

CANADIAN NATIONAL RAILWAYS—CROSSING WATCHMAN, STELLARTON, N.S.

Mr. BLACK (Halifax):

1. Who is employed as crossing watchman at Asphalt crossing in the town of Stellarton, Pictou county, Nova Scotia?
2. Why was he appointed?
3. When was he appointed?
4. What is his age?

Hon. Mr. GRAHAM:

1. Norman Ferguson.
2. For the protection of vehicular and pedestrian traffic over the crossing.
3. April 20, 1923.
4. Sixty years.

[Mr. Graham.]

CANADIAN NATIONAL RAILWAYS—WATCHMAN AT PICTOU, N.S.

Mr. BLACK (Halifax):

1. Is there a watchman employed by the Canadian National Railways at Pictou, Nova Scotia?
2. If so, how long has he been in the employ of the railway and what is his name?

Hon. Mr. GRAHAM:

1. Two watchmen are employed at Pictou.
2. George Welsh, since Sept. 27, 1898; P. O. Carroll, since April 20, 1923.

J. J. WING

Mr. STEVENS:

1. Was there a request made by Mr. F. Higgins, barrister, of Victoria, British Columbia, to the Department of Justice, to interview one J. J. Wing, in the British Columbia penitentiary?
2. If so, when was such request made?
3. What steps did the Department of Justice take upon receipt of such communication?
4. Did the Department of Justice reply to Mr. Higgins, and if so, when and how?
5. Did the Department of Justice cause J. J. Wing to be interviewed in the penitentiary in regard to the said request of Mr. Higgins?
6. If so, by whom, and what report was made to the Department of Justice?

Hon. Mr. LAPOINTE:

1. Yes.
2. April 10, 1924.
3. Communication was had with the warden of the penitentiary.
4. Upon receipt of reply from the warden of the penitentiary, Mr. Higgins was communicated with on April 12, 1924 by letter.
5. Yes.
6. By the warden who reported to the department: "J. J. Wing knows nothing of Higgins or civil action."

MOWAT HOSPITAL, KINGSTON

Mr. HUBBS:

1. What was the total expenditure in connection with the Mowat Hospital Kingston, during the year 1923?
2. What was the average cost per patient in the said Hospital during the year 1923, exclusive of pay or allowances to patients?

Hon. Mr. COPP:

Department of Public Works—

1. Calendar year 1923, $932.63.
2. No information.

Department of Soldiers' Civil Re-establishment—

1. Calendar year 1923, $111,815.22.
2. $3.20.

EXPERIMENTAL FARM REPORTS

Mr. PRITCHARD:

1. How many reports of officers of the Central Experimental Farm at Ottawa were published for the year 1922?

2. What was the number of copies of each report published in French and English, respectively?

3. What was the cost of printing each report in English and French, respectively?

Hon. Mr. MOTHERWELL:

1. 13.

2 and 3.

Report	Number English	Number French	Cost English	Cost French
Director	15,000	5,000	$ 879 24	$
Diminion Animal Husbandman	14,000	5,000	723 23	
Dominion Field Husbandman	20,000	6,000	429 35	198 10
Dominion Horticulturist	15,000	7,000	626 34	
Dominion Cerealist	10,000	2,500	155 97	85 07
Dominion Agrostologist	9,000	2,500	668 75	275 33
Dominion Chemist	9,000	3,000	1,361 38	828 12
Dominion Botanist	10,000	2,500	836 21	
Dominion Poultry Husbandman	15,000	6,000	453 50	
Dominion Apiarist	10,000	3,000	155 71	109 94
Chief of Fibre Division	5,000	1,000	97 78	
Chief of Illustration Stations Division	30,000	7,000	1,221 97	576 43
Chief of Tobacco Division	10,000	6,000	616 83	469 81

In some cases, the account for printing the French edition has not yet been received by the department.

SUBSIDIES FOR EXHIBITIONS

Mr. LAVIGUEUR:

1. Were subsidies ever granted by the government, for the holding of Dominion exhibitions, in the various provinces?

2. If so, what provinces have benefited thereby, in what years, and what was the amount granted to each province?

3. Has the Quebec Provincial Exhibition ever requested or received grants?

4. Is it the intention of the government to grant a subsidy to the Quebec Provincial Exhibition similar to grants to other provinces?

Hon. Mr. MOTHERWELL:

1. Yes.

2.

Year	Where held	Grant
1903	Toronto, Ontario	$49,776.66
1904	Winnipeg, Manitoba	50,000.00
1905	New Westminister, B.C.	50,000.00
1906	Halifax, Nova Scotia	50,000.00
1907	Sherbrooke, Quebec	50,000.00
1908	Calgary, Alberta	50,000.00
1909	No Grant.	
1910	St. John, New Brunswick	50,000.00
1911	Regina, Saskatchewan	50,000.00
1912	Ottawa, Ontario	50,000.00
1913	Brandon, Manitoba	50,000.00
1914	Victoria, British Columbia	24,166.66

3. In September, 1922, the secretary of the Quebec Provincial Exhibition requested that the grant for Dominion exhibitions be revived and that it be given to the Quebec Provincial Exhibition. This was not done. Grants have been given to the Quebec Provincial Exhibition under the department's present policy in connection with exhibition grants.

4. It is not the intention of the Department of Agriculture to revive the special grant for Dominion exhibitions.

RAILWAY MAIL CLERKS

Mr. WHITE:

What is the number of railway mail clerks in Canada who have been (1) killed while on duty during each of the following years, 1918-19-20-21-22-23; (2) injured in each of the above years and (a) able to resume duty as railway mail clerks, (b) unable to resume duty as railway mail clerks?

Hon. Mr. STEWART (Argenteuil):

(1) 1918, nil; 1919, 2; 1920, nil; 1921, nil; 1922, nil; 1923, nil.

(2) (a) 1918, 18; 1919, 15; 1920, 11; 1921, 9; 1922, 20; 1923, 15. (b) 1918, nil; 1919, nil; 1920, nil; 1921, nil; 1922, nil; 1923, 1.

W. J. MOFFATT

Mr. BLACK (Yukon):

1. Has W. J. Moffatt been in the employ of the Public Works District Engineer's office at Winnipeg?

2. If so, when was he employed and for what reason?

3. Is Mr. Moffatt a returned soldier, and if so, was he wounded in action?

4. Has he been dismissed, and if so, when and for what reason?

Hon. Mr. KING:

1. Yes.

2. He was employed temporarily from October 1st, 1923, to May 1st, 1924, inclusively, on account of pressure of work.

3. (a) Yes. (b) No information.

4. His services were dispensed with on May 1st, 1924, as the regular staff is now sufficient to cope with the work of the Winnipeg District office.

UNOPPOSED MOTIONS FOR PAPERS

OPIUM AND NARCOTIC DRUG ACT—PAYMENT OF MOIETIES

Hon. Mr. STEVENS:

For a return showing particulars of all moieties paid through the office of the Royal Canadian Mounted Police in Vancouver and Victoria, in connection with the administration of the Opium and Narcotic Drug Act, setting forth to whom paid and date of payment.

Hon. Mr. LAPOINTE (Minister of Justice): This resolution and the two following ones, were on the order paper the other day, together with a number of other resolutions. My hon. friend was absent and the other resolutions were carried by the House. I have to object to the passing of this resolu-

tion as well as to the two others which follow. It is not in the public interest to give the names for which my hon. friend is asking. As I said the other day, the administration of the Opium and Narcotic Drug Act is a very difficult task, and it would make the work of the police more arduous to publish the information asked for. I repeat that I have to object to the passing of these resolutions.

Mr. MARTELL: Mr. Speaker—

Mr. SPEAKER: Order. Is the resolution dropped?

Mr. STEVENS: I have no desire to drop these resolutions. If the government refuses to allow them to pass they must take the responsibility.

Mr. SPEAKER: Is the resolution dropped or does it stand?

Mr. STEVENS: Mr. Speaker, may I speak to the point of order? The point I raise is this: A motion of this kind is non-debatable but if the government object to it they must take the responsibility of rejecting the motion. I am not asking the privilege of debating the motion, I am merely presenting it for the consideration of the House.

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

Some hon. MEMBERS: Carried:

Some hon. MEMBERS: Lost.

Mr. SPEAKER: Lost on division.

OPIUM AND NARCOTIC DRUG ACT—REPORT OF COMMANDANT OF R.C.M.P.

Hon. Mr. STEVENS:

For a copy of the report of the officer commanding the Royal Canadian Mounted Police, dated about January 4th, 1922, to the Minister of Justice or the Department of Justice, alleging that certain individuals, including customs officers, were implicated in the smuggling of drugs, together with copy of all correspondence in connection therewith.

Hon. Mr. LAPOINTE: I have to offer the same objection to this resolution. The information contained in this report by an officer of the mounted police to the Minister of Justice is of a very confidential nature, and it would be against the public interest to make it public.

Mr. SPEAKER: Is it the pleasure of the House to adopt the motion? Lost on division.

[Mr. Lapointe.]

OPIUM AND NARCOTIC DRUG ACT—VIOLATIONS

Hon. Mr. STEVENS:

For a copy of all reports received from the officer commanding the Royal Canadian Mounted Police, Vancouver, regarding the violation of the Opium and Narcotic Drug Act, during the years 1920 to 1924, inclusive.

Hon. Mr. LAPOINTE: My reason for objecting to this resolution is that in many cases such reports contain the names of persons who are only suspects and, perhaps it is found out afterwards that they may not be guilty. It would not be fair to make such reports public. On the other hand, when a person is subsequently found guilty of infraction of the act, the making public of the information which led to the apprenhension of the guilty person would render the subsequent work of the police officers more difficult. It is against the public interest to disclose such reports.

Mr. STEVENS: I would not ask for that class of information. That could easily be deleted from the report. It is the general report which is asked for in this particular motion.

Mr. LAPOINTE: It is "a copy of all reports received from the officer commanding the Royal Canadian Mounted Police, Vancouver, regarding the violation of the Opium and Narcotic Drug Act."

Mr. STEVENS: The minister could delete from the report what he regards as against the public interest to disclose.

Mr. LAPOINTE: Perhaps my hon. friend will allow his resolution to stand and we may find a solution possible.

Mr. SPEAKER: The resolution stands.

CANADIAN NATIONAL RAILWAYS AND MERCHANT MARINE

On the Orders of the Day:

Mr. MEIGHEN: I should like to ask the Minister of Railways if he has yet received the annual report for 1923 of the Canadian National Railways, and the Canadian Government Merchant Marine?

Mr. GRAHAM: The report of the merchant marine is not yet to hand. An advance copy of the railway report is at hand. I hope in a few days to lay on the Table a copy for each member of the House.

REMUNERATION TO INFORMANTS

On the Orders of the Day.

Mr. MARTELL: In reference to resolution No. 25 which stands in my name, can the Prime Minister tell me when I will have an opportunity of discussing before the House the question of paying to informants a moiety of the fines imposed in the cases referred to in the resolution.

Mr. MACKENZIE KING: I think the resolution has been called a number of times when the hon. member was not here.

THE BUDGET

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

The House resumed from Tuesday, May 13, the debate on the motion of Hon. J. A. Robb (Acting 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. Woodsworth.

Mr. R. A. HOEY (Springfield): Before undertaking a discussion of the proposals submitted by the Acting Minister of Finance (Mr. Robb) in his annual budget, and the subject matter relevant thereto, there are one or two matters, perhaps of minor importance, with which I would like to deal. The first, Mr. Speaker, is a letter by Mr. John Stuart Mill quoted in the course of this debate by the hon. member for Fort William and Rainy River (Mr. Manion) with the object of showing that that eminent authority, at a certain stage in his career at least, was in favour of a protective policy provided the conditions were not normal and the circumstances somewhat unusual. I have in my hand The Letters of John Stuart Mill, edited by Hugh Elliot. In the second volume at page 27 appears a letter written by John Stuart Mill to a friend in Australia, in which he seeks to explain just what he had in mind in his former communication and places his own interpretation thereon. The letter is brief, and I should like to quote it in full:

> I have just received your letter dated 25th February. It is a great compliment to me that my supposed opinions should have had the influence you ascribe to them in Australia. But there seems to have been a considerable degree of misunderstanding about what they are. The fault probably lies with myself in not having explained them sufficiently. I have entered rather more fully into the subject in the new editions published this spring, but not to give you the trouble of referring to them, I can have no difficulty in saying that I never for a moment thought of recommending or countenancing in a new colony more than elsewhere a general protective policy or a system of duties on imported commodities, such as that which has recently passed the representative assembly of your colony. What I had in view was this: If there is some particular branch of industry not hitherto carried on in the country, but which individuals or associations possessed of the necessary capital are ready and desirous to naturalize; and if these persons can satisfy the legislature that after their workpeople are fully trained, and the difficulties of the first introduction surmounted they shall probably be able to produce the article as cheap or cheaper than the price at which it can be imported, but that they cannot do so without the temporary aid either of a subsidy from the government or of a protecting duty; then it may sometimes be a good calculation for the future interests of the country to make a temporary sacrifice by granting a moderate protecting duty for a certain limited number of years, say ten or at the very most twenty, during the latter part of which the duty should be on a gradually diminishing scale, and at the end of which it should expire. You see how far this doctrine is from supporting the fabric of protectionist doctrine in behalf of which its aid has been invoked.

There is just another quotation which is very brief. This letter was written to the New York Liberal Club. In response to a hint from the secretary, Mr. Mill responded by a letter on protection as follows:

> I hold every form of what is called protection to be an employment of the powers of government to tax the many with the intention of promoting the pecuniary gains of a few. I see the intention, because even that desired object is very often not attained, and never to the extent that is expected, but whatever gain there is is made by the few and them alone, for the labouring people employed in the protective branches of industry are not benefited. Wages do not range higher in the protected than in other employments; they depend on the general rate of the remuneration of labour in the country, and if the demand for particular kinds of labour is artificially increased the consequence is merely that labour is attracted from other occupations, so that employment is given in the protected trades to a greater number but not at higher remuneration. The gain by protection, when there is gain is for the employers alone. Such legislation was worthy of Great Britain under her unreformed constitution when the powers of legislation were in the hands of a limited class of great landowners and wealthy manufacturers. But in a democratic nation like the United States it is a signal instance of dupery, and I have a higher opinion of the intelligence of the American many than to believe that a handful of manufacturers will be able to retain by fallacy and sophistry that power of levying a toll on every other person's earnings, which the powerful aristocracy of England, with all their political ascendancy and social prestige, have not been able to keep possession of.

The next quotation was one referred to a few days ago. It was ascribed to the venerable American statesman, Abraham Lincoln, which ascription I contend has absolutely no basis in historic fact. This quotation played a very important part in the campaign of 1921. There was scarcely a Conservative committee room, Mr. Speaker, in the city of Winnipeg in which this quotation was not displayed in large and conspicuous letters. I challenged its authenticity then, but I little thought that I would

ever be called upon to challenge such a pseudo-quotation on the floor of the Canadian parliament. I have in my hand the Journal of Economics published by Harvard University, volume 28, 1913. On page 18 in that volume there is an article by Professor Taussig entitled; "Abraham Lincoln on the tariff —A Myth." Those who have followed the campaign literature on the tariff during recent years will have become familiar with a phrase attributed to Abraham Lincoln. The following version is taken from Curtiss's Industrial Development of Nations, 1912, a pretentious three-volume publication, in which are collected indiscriminately all sorts of protectionist arguments. Under a portrait of Lincoln this is printed:

> I do not know much about the tariff, but I know this much, when we buy manufactured goods abroad, we get the goods and the foreigner gets the money. When we buy the manufactured goods at home, we get both the goods and the money.

No reference is given by Curtiss to Lincoln's writings: nor is such a reference given in any place where I have found the phrase quoted. A careful examination of the various editions of Lincoln's published works brings to light nothing that remotely resembles it. There is nothing in either of the two editions of his writings put together by Nicolay and Hay, nor is there anything in the so-called Federal edition. Nicolay and Hay's Life yields nothing of the sort, nor does any of the biographies. So with Lincoln's Speeches in Congress and his Messages to Congress.

Now, what is the history of the phrase? The very first mention which we have found is 1894, in the American Economist, a weekly protectionist sheet published in New York. In that periodical for June 29, 1894, the quotation is given as having been copiel from the Independent of Howard, Illinois, of June 9, 1894:

Then Professor Taussig concludes his article with this statement:

> It seems certain that the phrase is apocryphal. There is no evidence that Lincoln ever used it. Further search may show just how it originated. Possibly the claptrap about the goods and the money, was invented before it was foisted on Lincoln; possibly it was ascribed to him at an earlier date than the first here noted (1894). By dint of repetition it has come to be associated with Lincoln almost as much as the cherry tree is associated with Washington. So crude is the reasoning (if such it can be called), so vulgarly fallacious is the antithesis, that we must hope that it will cease to be invested with the sanction of a venerated name.

Then there is an interesting foot note:

> Since this note was prepared, my attention has been called to a letter of Mr. Horace White's in the New York Evening Post of April 10, 1914. Mr. White points out that nothing like the oft-cited passage is to be found in Lincoln's writings, and pungently concludes: 'My reason for thinking that Lincoln never said this is that he was not a fool.'

Following Professor F. W. Taussig's article in the Quarterly Journal of Economics, a writer in the Boston Transcript, Mr. Calvin W. Lewis, followed up the clues. He found that although there was no Howard Independent, there was a Harvard Independent published at Harvard, Ill., and in the issue of that paper for June 9, 1894, he found the passage that had been quoted by the American Economist.

The next question was: Where did the Harvard Independent get it from? In the works of Colonel Ingersoll, there is an oration on Lincoln which bears the date 1894. The orator in that speech says:

> It is better for Americans to purchase from Americans even if the things purchased cost more. If we purchase a ton of steel rails from England for $20, then we have the rails and England has the money, but if we buy a ton of steel rails from an American at $25, the American has the rails, and the money both.

This, it will be noticed, differs from the Lincoln saying, in that the English price is given at $20, and the American at $25. Ingersoll does not quote this statement. It is his own argument. There is now no doubt whatever that the Harvard Independent mixed up Ingersoll and Lincoln. There is not a shadow of excuse for those who are now misusing a great and venerable name for mere selfish ends. It has been abundantly proved that Lincoln never used the words attributed to him by protectionists, both in the United States and Canada, and it is worthy of note that the Republican party has now absolutely ceased to use or recognize this pseudo-quotation.

These arguments, coming as they do from time to time and irritating one beyond measure, indicate the straits to which hon. gentlemen are driven in an attempt to defend a policy that is as archaic as the old ox cart The older the ox cart, the louder the squeak. I have been interested, indeed, I might say astounded, at times by the amount of time taken up by hon. members in an attempt to show that the tariff is one of the chief factors, if not the chief factor that is likely to make for industrial stability and, consequently, for industrial progress. In these expostulations they choose invariably as their text a statement made by the Minister of Finance (Mr. Fielding) in his budget speech of last year. I have no desire to quote the statement; it has been quoted again and again and again, and some hon. members seem to derive a great deal of comfort from even the repetition of it. First of all, let me say that when the Minister of Finance made that statement, in my humble judgment, he meant exactly what he said. That is to say, he meant that the tariff schedules as then revised were, in his judgment, moderate; that in the interests of Canadian industry they should be allowed to remain, with one or two minor changes, just

as they then were. I sat opposite or almost opposite to the Minister of Finance when that statement fell from his lips, and I thought of another statement to which the hon. member for West Calgary (Mr. Shaw) referred, the statement made by Mr. Bonar Law when he took over the reins of office in Great Britain and promised the people a period of tranquility. He failed to bring about that condition, though he gave his life in a heroic attempt. I thought of the last presidential election in the United States when the great issue was won between idealism and normalcy; the forces that stood for the re-establishment of normal conditions proved victorious, and a great leader gave his life in an attempt to bring about normal conditions, but he failed. The truth of the matter is that mere pronouncements, even though they fall from the lips of eminent men, are meaningless if such pronouncements cannot be reconciled or brought into harmony with fundamental economic laws. But the statement at its best was the statement of a Minister of Finance attached to a government in a minority. To be carried out, that statement would involve, on the part of the government of which he was a member, the violation of the sacred pledges upon which they were elected. I should like to ask in all sincerity: Do the manufacturers of this country or hon. members to my right, want that pledge fulfilled by the violation of sacred pledges, by the refusal on the part of the government to carry out a programme upon which they were elected? So it seems to me that the supreme and paramount question is: Is the government going to be responsible to the will of the people in this country, a majority will, or obedient to a minority in this House? Let us ask for a moment: Is industrial stability desirable? I do not think there can be any division of opinion on that subject; industrial stability is desirable. That being so, what are the factors that contribute thereto, and what part does the tariff play therein? Well, it seems to me that we can determine with a fair degree of accuracy just what these contributory factors are in the matter of industrial stability. First of all, industries must have immediate access to a normal and uniform supply of raw material, and they must have up to date machinery, which in my judgment should enter the country at this stage free of duty. They should have also a normal supply of labour, the cost of which will always depend on the purchasing power of the employee's dollar. They should have, further, executive skill, coupled with the most efficient management. And then there is a factor most important of all: Before you can have industrial stability in this country you must have a measure of stabilization so far as the purchasing power of the people is concerned. And that factor is one almost wholly beyond our control. Let me take this illustration, which I draw from western Canada, inasmuch as I am more familiar with conditions there. A certain acreage is sown to wheat in the province of Manitoba in a given year. Harvest time is approaching, and the crop experts estimate that the harvest will yield 35 bushels No. 1 Northern to the acre. Just about eight days before the time of reaping, evidences of rust appear, bringing dismay with them. Climatic conditions rapidly promote the development of this defect, and that crop, valued at approximately one hundred million dollars, is cut down to forty million dollars; the estimate of 35 bushels to the acre, No 1, dwindles to 12 bushels of feed wheat, which does not come within the commercial classifications at all. Now, I want you to think for a moment of the effect of such a failure—and such failures are periodical. I want you to think of its effect first of all, on the primary producer from the standpoint of his stability. His municipal taxes remain the same; his overhead charges remain approximately the same; his labour costs remain the same. I want you to think, in the second place, of the effect upon certain grain companies, with whom we do not sympathize very frequently in this House. A company has, say, three or four hundred country elevators designed and built to handle a maximum crop and in which they have hundreds of thousands of dollars invested. It has also terminal elevators in which millions of dollars are tied up. And these elevators, I say, are designed to handle, and handle efficiently and with the greatest despatch, a maximum crop. Yet they are forced to be content with a minimum production. Then I want you to think of the effect on our transportation companies, its reflection in higher or lower freight rates. And last of all, but not least, I want you to think of the effect of such failures on our eastern manufacturers in that the purchasing power of the agriculturist is, at least temporarily, demoralized. But, say my hon. friends, the fact that we cannot stabilize all industry in this country is no reason why we should not attempt to stabilize such industries as are capable of stabilization. And that sounds plausible. But my contention is this, that any attempt to stabilize such industries in an absolute sense will not mean stabilization but will mean utter stagnation. Is there

any manufacturer with any grey matter in his skull who can be discovered anywhere in Canada, and who is not talking mere political piffle, who will sit down beside me and contend that the tariff is the chief factor today? Will such a man contend that the tariff, in this stage of our development, and in view of the fact that we have no power over the tariff schedules of other countries—tariff schedules that may at any time react disastrously against them—is there, I ask, any manufacturer who will sit down here and contend that the tariff is the chief factor that is likely to contribute to his progress or militate against his success? I do not think that, apart from politics, such a manufacturer can be discovered. But I go further. Is there any agriculturist to-day who is honest and who is not playing politics who, at this stage in the development of his industry, and having surveyed all the conditions, will sit down and argue that the tariff is, in his case also, the chief factor that is likely to contribute to his success or otherwise? That it is a factor we all agree; that it enters into the conditions no one will dispute; it is the one factor perhaps for which there is the least justification. But it is not the only factor. Why, then, is the tariff emphasized and re-emphasized? Why does it occupy such a position in these discussions from time to time? Well, politicians always have had and always will have a rallying cry, something around which to wage battles, sham and real. Personally I emphasize the tariff because I believe that Canadian civilization is peculiarly and distinctly British; and because it is peculiarly and distinctly British the Canadian people will never remain reticent, will never labour without protest, so long as there is in this country a system of taxation that extends benefits to the few at the expense of the many. I say, being peculiarly and distinctly British, we concede the right to any government to impose taxes from time to time; but we contend also, while making that concession, that it is the prerogative and the duty of the government to prevent the governed from taxing one another.

Mr. LADNER: Would the hon. member therefore entirely eliminate the tariff?

Mr. HOEY: I am coming to that.

Mr. LADNER: Would he do it immediately?

Mr. HOEY: Nothing irritates me so much as the impression I get, perhaps from inference, that the Canadian people have not the right at any time to sweep away tariff privileges. Since when did

4 p.m.

Britishers claim property rights in privileges? And so, it seems to me that the issue that is becoming more clearly defined in this country is not an issue between protection on the one hand and free trade on the other; the very exigencies of the moment, the financial demands of our treasury, are forcing us to adopt a revenue rather than a protective tariff. The question may be asked, what is the difference? The hon. member for Fort William and Rainy River (Mr. Manion) usually interrogates at this stage in an honest attempt to get a clearly outlined definition of just what a revenue tariff is. Let me say that adequate protection, as I see it, means all the protection that manufacturers in your constituency may demand from time to time. A revenue tariff is all that should be extended to them in the interests of national justice and national progress. Let me put upon the pages of Hansard this definition of revenue tariff:

> Protective tariffs differ from revenue tariffs in their object, which is not so much that of obtaining revenue as that of protecting home producers from the competition of imported commodities. The two objects, revenue and protection, are not merely distinct, but antagonistic. The same duty may raise some revenue and give some protection, but, past a certain point at least, in proportion as one object is secured the other is sacrificed, since revenue depends on the bringing in of commodities; protection on keeping them out. So the same tariff may embrace both protective and revenue duties, but while the protective duties lessen its power of collecting revenue, the revenue duties by adding to the cost of home production lessen its power of encouraging home producers. The duties of a purely revenue tariff should fall only on commodities not produced in the country; or, if levied on commodities partly produced at home should be balanced by equivalent internal taxes to prevent incidental protection. In a purely protective tariff, on the other hand, commodities not produced in the country should be free and duties should be levied on commodities that are or may be produced in the country.

Do. hon. gentlemen to my right advocate the abolition of all duties on commodities that are not manufactured in this country?

> And, just in proportion as it accomplishes its object, the less revenue will it yield.

That, to me, Mr. Speaker, is the issue that we are attempting to define at this day in this Chamber and throughout the country.

I said a moment or two ago that industrial stability had a vital and direct relationship to the prosperity of the western agriculturist. I want to read from a document prepared by a man whom you cannot describe as a Progressive no matter how you attempt to stretch your imagination. He says:

Never overlook what the fact is, that the source of all wealth is original Mother Earth. That is why the railroad owner, the railroad worker, the manufacturers and their employees, banks and their staffs can only be assured of conserving their own property and their own positions when the grain grower and the cattle breeder are assured of a fair living wage for their labour. In a word, the future success of our country depends upon the prosperity of our farm life. The grain grower is the foundation for a broad and high pyramid of population; he is the ultimate consumer of what the most of the rest of our people produce.

And listen to this:

If we fill our country with happy and contented grain growers and cattle breeders, who are assured of a fair living wage, every man in a factory, every man in a shop, every man in a railway, every man in an office will be in a vastly better and safer position.

An hon. MEMBER: Who is the author?

Mr. HOEY: That was a statement of hon. Robert Rogers. It is so strikingly similar to a certain passage in the budget speech of the Finance Minister that I felt I would like to quote it. Mr. Rogers is the celebrated western politician who became reconciled with the leader of the opposition (Mr. Meighen) at Saskatoon last fall and who sang with him:

> Blest be the tie that binds
> Our hearts in Christian love.

And they sang it, so I am informed, to the tune of "No Truck or Trade with the Yankees."'

Hon. members may ask, and the question is a reasonable one: If the tariff is not the chief factor in making for industrial stability why is it that a revision of the tariff schedules is immediately reflected in industry? That is to say, a revision downward, even though it might be small—even microscopic—is always followed by disastrous consequences. Take for example the woollen industry. What are the actual facts? First, there is a claim that our woollen manufacturers to-day cannot meet foreign competition because of the wages they have to pay—overlooking the fact that high wages are not always expensive wages. I want to read an extract from a pamphlet published by the Fair Tariff League, of which Mr. H. E. Miles is chairman. It says:

The effectiveness of American highly-paid labour, when earnestly applied, well directed and supported, on the farm or in the factory, is illustrated in the following statement on rice by Mr. Gray Silver, of the American Farm Bureau Federation, at its annual convention at Chicago, December 13, 1922:

"I asked a great manufacturer what his pay-roll meant, using his mechanical facilities in comparison with unaided man-power. I wanted to estimate the productivity of the American farmer and his machinery in comparison with the hoe in Europe and the coolie in Asia, with whom the American farmer competes in the export markets of the world. After nearly a year's time, the manufacturer replied: 'Our 10,200 men with their applied mechanics and power machinery do the work of almost 500,000 men working without machinery. Our wage-earners are 200 times cheaper than unaided man-power.'

"The competitive value of applied mechanics on the American farm was shown last year. Our production of rice has increased until last year we had a large exportable surplus. Our friend, Secretary Hoover, said to the representatives of his department in different parts of the world, 'Find buyers for this surplus rice; we have 180,000 tons.'

"And where do you suppose the market was found—in riceland, in Japan and China—at our domestic price plus the cost of taking it there, proving that the 10-cent worker with the breech-clout is more expensive than our labour-capitalist at $3 per day."

I have in my hand a reprint from the Central Canadian, Carleton Place, Ontario, of the issue of March 13th, 1924, of which the heading reads:

Hawthorn Mills is in Liquidation; Plant will Close. Woollen Industry Hard Hit. Over 200 Employees Affected.

The truth about this reprint is this: It was broadcasted from ocean to ocean in an attempt to create unrest and to shatter the morale of the Canadian worker. There is scarcely a day that we do not receive in one or two envelopes posters such as this: "Don't Blot out These Basic Industries." I have been wondering, Mr. Speaker, if we could not pass a law preventing organizations or industries that are supposed to be non-political from taking part in what is purely and ostensibly political propaganda. Now, what about the Hawthorn mills? The information I have with regard to the Hawthorn mills is the following:

Woollen manufacturers, Carleton Place, Ontario, Lanark county.

This is the mill referred to by the hon. member for Lanark (Mr. Preston) when he read that speech so vigorously yesterday.

Richard Thomson Sr., President.
Richard Thomson Jr., Vice-President and Manager.
Erma D. Hunsberger, Secretary-Treasurer.
The above also constitutes the Directorate

March 11, 1924, this company assigned to Horace Pratt, Official Receiver, Ottawa, Ont. Robert Barr, of Barr and McBride, of Hamilton, Ont., appointed Custodian. Meeting of Creditors to be held in Toronto, Ont., at a future date to be mentioned.

A statement of the Company's affairs shows approximately as follows:

Assets		
Merchandise	$165,560	
Trade fixtures	4,500	
Book Debts (good)	75,200	
Book Debts (doubtful)	2,200	
Book Debts (bad)	1,700	
Cash in bank and on hand	860	
Total Quick Assets		$250,000
Machinery equipment and plant		324,000
Surplus from securities in hands of creditors		216,000
Total Assets		$790,010

Liabilities		
Unsecured	$ 93,000	
Secured	237,000	
Preferred	31,000	
		361,000
Nominal Surplus		$429,010

Hawthorn Mills Limited, Carleton Place, Ontario
Goodwill 1918 was.. .. .. $ 51,900
Goodwill 1922 was.. 122,000

The capital stock up to 1919 was $129,500, so that the difference between $129,500 and $51,900, making $67,600, was the actual cash in the business.

The capital stock was increased in 1919 by $100,000, and the goodwill was increased to $122,000.

Undivided profits in 1918 were indicated by this company to be.. .. .. $348,165 71
and a surplus of.. .. .. 82,515 78

making a gross surplus of.. .. .. $430,681 49

Now I come to a very interesting part of the statement. During the election campaign of 1921, apart from the Lincoln quotation to which I have already referred, the great issue in western Canada was the salary paid the president of the United Grain Growers, Limited, a salary of $15,000 a year, although the annual turnover of the company at that time, if I remember rightly, was considerably over $100,000,000. That gentleman was denounced as an exploiter, a man who was unworthy of the confidence of the western electors. Let us see what this little two by four company in Carleton county paid in the way of salaries:

1918	Salary	Dividend	Total
R. Thompson Sr.	$11,000 00		$11,000 00
C. W. Bates (partner)	10,000 00		10,000 00
Agnes Bates..		$700 00	700 00

Agnes Bates is evidently a member of the family.

1919			
R. Thomson Sr...	$11,000 00	4,208 00	$15,208 00
C. W. Bates..	8,335 00	3,508 00	11,843 00
Agnes Bates..		700 00	700 00

1920	Salaries	Dividend	Total
R. Thomson Sr.	$15,000 00	$13,000 00	$28,000 00
R. Thomson Jr.	4,998 00		4,998 00
Little & Little Toronto (Commission). ..	10,793 55		10,793 55
Luke F. Moore (")..	10,762 27		10,762 27

They must have been selling woollens because they were paying commissions.

1921			
R. Thomson, Sr.	$12,000 00	$11,099 00	$23,099 00
R. Thomson, Jr.	4,998 00		4,998 00

1922			
R. Thomson, Sr.	$12,000 00	Dividends	$12,000 00
R. Thomson, Jr.	5,365 00	passed in 1922	5,365 00

The company created a depreciation reserve of $49,000.00 in cash, up to 1922, in addition to having increased the plant very considerably. If the depreciation reserve is deducted, as well as the goodwill, a fair valuation of the assets would show that the company was very far from being insolvent.

[Mr. Hoey.]

In 1920, and 1921, these mills started making specialties and velours. The demand fell off, and this experiment proved a very costly mistake. It was not the tariff, but embarking upon a class of manufacture which did not prove profitable.

Let us take the case of Canadian Woollens.

The Auburn Woollen Company Limited of Peterboro, had a capital stock of $176,200, and became merged into the Canadian Woollens Limited, a new corporation, which embraced the Auburn Woollen Company, Limited, the Bonner-Worth Company, Limited, and the Standard Knitting Company, Limited, in June 1919. The appraisal of assets indicated the Bonner-Worth Company had $151,440.79; the Auburn Woollen Mills, $271,835.33; and the Standard Knitting Company, $341,100.06. This was the war time valuation, made as of July 1, 1919.

Extension took place to both plants during the war, and both were engaged in war production. Unquestionably, the goodwill amounted to very little, because the business that the companies obtained was in competition with other Canadian concerns, and the lowest priced goods obtained the preference.

The Canadian Woollens Limited was incorporated with $1,750,000 of preferred stock, $1,750,000 of common stock, or a total of $3,500,000; and the assets of the Canadian Woollens Limited, processes, patent rights and goodwill were valued at $1,440,937.81. The sum of $423,276.12 was apparently the patents and processes, and $1,000,000 was for the goodwill. At this stage I might read the following letter from the Patent and Copyright Office which speaks for itself:

Dear Sir,—In reply to your letter of the 15th instant I may inform you that the Canadian Woollens, Limited do not appear either as patentees or assignees on any patent granted here.

And yet we have an amount here for patents. The hon. member for St. Lawrence-St. George (Mr. Marler) described me the other day as "an unsophisticated rainbow chaser." He said: "You are chasing rainbows, but I am afraid you will never reach them." Well, I was reminded of the purpose that some one had in mind when the rainbow first appeared; it was evidently to save the world from destruction by water. If I am chasing rainbows at all I am chasing those rainbows that indicate that some day the people of Canada, including the industrial interests of the country, will be saved from the ravages and the disasters that result from watered stock. Canadian Woollens paid:

June 30, 1920..	$122,500 dividends
June 30, 1921..	166,250 dividends
June 30, 1922..	122,500 dividends

It also in 1922 paid into the sinking fund for the redemption of preferred stock, $35,000. The Canadian Woollens Limited showed a loss in 1921 of $351,526.57, and yet paid dividends that same year of $166,250. This apparent loss was caused in 1921, by bookkeeping adjustments, allowing excessive amounts of depreciation, decline in value of wool, and so forth. The Auburn Woollen Company paid, before the merger, dividends for the first six months of 1919, 16 per cent or at that rate of 32 per cent per annum.

Now, I come to the salaries paid by the Canadian Woollens Limited, these people who are appealing for sympathy and asking us not to blot out these peculiarly impoverished industries. I can well understand why they should not want to blot out industries which pay such salaries. Take for example these figures:

Canadian Woollens Limited

	Salary
1919—	
E. Worth, Manager..	$14,583 33
J. W. Worth, Superintendent..	6,206 05
N. Rosin..	17,691 45
1920—	
E. Worth..	30,490 96
J. W. Worth..	10,618 40
1921—	
E. Worth..	15,000 00
J. W. Worth..	4,672 66
J. Charlesworth..	4,999 92
P. G. Blake..	5,116 60
R. S. Keyes..	5,200 00
1922—	
E. Worth..	15,000 00
J. W. Worth..	5,000 00
P. G. Blake..	5,000 00
W. Tinker..	4,000 00

At the end of 1923 the company had:

Cash in hand..	$ 928.06
Accounts receivable..	277,648.50
Bills receivable..	21,598.05

And so on making total assets $4,824,583.50. Among the liabilities are:

Reserve for redemption of preferred stock.	$19,733.28
Reserve for bad debts..	18,397.92
Total..	$38,131.20

Mr. Speaker, after listening to a few of the speeches delivered by hon. gentlemen to my right I was particularly anxious to know just what the condition in certain industrial centres was, and so a few days ago I wrote to a prominent business man in the town of Renfrew to attempt to discover just how the industries of Renfrew were making progress. In reply to that letter the gentleman in question says:

Dear Mr. HOEY,—I am very pleased to have your favour of the 1st, inst., and it will afford me much pleasure in supplying as far as possible, the information desired.

In order to have my information authoritative and up-to-date, I called up the manager of one of the banks who is conversant with the situation and well qualified to speak on the subject. He informed me that the woollen mills in Renfrew were all busy at the present time, just as busy as they were two or three years ago. He said the Renfrew Textile Company and the Renfrew Woollen Mills Company were both working night and day to capacity, and the Logan Woollen Mills full day time. He informed me also that the Renfrew Machinery Company which manufactures cream separators, showed an increase of 15 per cent in their output in 1923 over that of 1922, and their increase for 1924 so far was fully 15 per cent over that of 1923, which increase they expect to be fully maintained during the year. This latter industry, by the way, operates, as you no doubt know, under free trade conditions so far as its own product goes, and is in competition with the world, sells its output to a very large extent in the United States, and ships to South America, Africa, Australia, Europe and the British Isles.

The manager of the Renfrew Textile Company told me over the 'phone this morning that the mill was working to capacity night and day, and had orders on hand to keep them going till the end of September, and their usual repeats would undoubtedly keep them going till the end of the year.

This mill confines itself to the manufacture of mackinaw cloths, and they have no fear of foreign competition in this line, under the new tariff schedule, because the best of wool stock must be used in the manufacture of this line of goods, and the foreign manufacturers, who use a very large percentage of cheap shoddy, are outclassed altogether in competition with the Canadian manufacturers, who use a better class of material for this business. The textile mill have increased their output this year by 45,000 yards, or about 8 per cent over last year. Their output at the present time is 1,700 yards per day of finished goods.

The Renfrew Woollen Mills Co., are working on a finer grade of cloths, such as are made in, and imported from, to a large extent, France, Belgium and England. But they too, are holding their own in competition with the foreign manufacturers, because, according to my information, they are at the present time working night and day to capacity on goods for the Canadian market.

You will no doubt hear a great deal during the budget debate about the failure of the Woollen mill at Carleton Place. Well, my own opinion is that a tariff as high as the Rocky mountains all around Canada would not have saved this concern from collapse. There were many reasons for this unfortunate condition, and believe me the tariff had absolutely nothing to do with the case. The overhead expenses were, I am told on what I believe to be good authority, altogether out of proportion to the amount of business done. Too many relatives were attached to the staff at high salaries. Add to this their attempt to sell direct to the retailer, which they found very expensive, and not satisfied with selling to the retailer, they even went to the consumer. Add to these, machinery that should to a very large extent be on the scrap heap, and you have a condition under which no mill could operate successfully no matter where situated or under the very highest tariff protection.

Renfrew industries are all working to capacity at the present time, and we have quite a wide range of such. In addition, there is not a vacant house in Renfrew for rent to-day.

Mr. MARLER: What the hon. member is reading from sounds like a speech of the hon. member for Brome.

Mr. LOGAN: It is not a "whisper of death" anyway.

Mr. HOEY: I have before me the imports of raw wool into the Dominion and the figures are very interesting.

Mr. BOYS: Will the hon. gentleman inform the House who wrote the letter from which he has just quoted?

Mr. HOEY: I have no particular desire to inform the House just who the business man was. I will, however, go so far as to say that he is a very prominent business man in the town of Renfrew, and if I mistake not at one time was a member of this House.

Mr. BOYS: Brother Pedlow.

Mr. MEIGHEN: Left at home for a good protectionist and a minister in the government.

Mr. HOEY: He does not pass any comments in his letter on those somewhat vexed questions.

Mr. MARLER: He has his opinion on certain subjects has he not?

Mr. HOEY: All Britishers have. Now, the raw wool imported into Canada in 1921 amounted to 9,277,237 pounds; in 1922, 12,586,695 pounds; in 1923, 18,255,595 pounds. Not only is this the case so far as importations are concerned, but our exports have actually increased during the last two or three years.

Now, I pass on to consider the tariff as a factor in driving people from Canada into the United States. A few weeks ago I wrote to Washington and obtained from the Inspector General of Immigration the actual figures as to what the exodus really was. I desire to read these figures to the House because there seems to be so much misunderstanding on this point. The figures are as follows:

Immigrants Entering United States from Canada
Years, 1911-1923

Year	Number
1911	56,830
1912	55,990
1913	73,802
1914	86,139
1915	82,215
1916	101,551
1917	105,399
1918	32,452
1919	57,782
1920	90,025
1921	72,317
1922	46,810
1923	117,011

[Mr. Hoey.]

I want to give also the number of United States citizens who have been entering Canada. They are as follows:

Immigrants Entering Canada from United States

1922	29,412
1923	22,039

Immigrants Entering England from Canada

1921	21,047

I want to point out something else that is very significant. In the year 1921 under the government of my right hon. friend (Mr. Meighen) we lost to the United States 72,317.

Mr. McMASTER: That is the right hon. gentleman to your right.

Mr. HOEY: Yes. In the same year we lost to Great Britain 21,047. If this government is driving the people to the United States the government that preceded it drove the people not only to the United States but back to Europe as well. What are the actual facts in connection with this list of figures? I cannot understand men, even though they be hon. members who, in an attempt to attack the government, disparage the country. In the year 1922 there were 46,810, or the lowest exodus to the States in thirteen years, with the single exception of 1918. Now I am waiting for hon. members to my right to applaud.

Mr. MEIGHEN: Did the hon. gentleman say that 1922 was the lowest in thirteen years?

Mr. HOEY: The lowest but one in thirteen years.

Mr. MEIGHEN: The hon. gentleman said the lowest. I did not think it was the lowest but one. It was certainly double that of 1921 as he read it. Where did the hon. gentleman get his figures?

Mr. HOEY: I got them from Mr. Sibray.

Mr. MEIGHEN: I have it from the Embassy at Washington, and the figure given for last year was 181,000, the number trebling in the month of June.

Mr. HOEY: I have the figures direct from the Department of Labour, from Mr. Sibray, who describes himself as the Commissioner General of Immigration to the United States. In 1922 there were 46,810 residents of Canada who went into the United States, but in the same year there were 29,412 residents of the United States, or American citizens who came into Canada.

Mr. LADNER: Will the hon. gentleman give the figures for 1923 from the same source?

Mr. HOEY: In 1923 there were 117,011, and you must deduct from that 22,039 who came into Canada from the United States.

Mr. MEIGHEN: Does the hon. member want it any worse than that?

Mr. HOEY: No. I want to explain just why this exodus took place. Hon. gentlemen will notice that in the year 1922 emigration slumped. Why? In my judgment it was because a Liberal government was returned to power in this country and the people became more hopeful and stayed at home; then unfortunately the Liberal government showed evidence of following in the Tory footsteps and the people in disgust and dismay began to leave the country. Now that the government is showing signs at least of carrying out its 1919 platform I have no doubt at all that the influx of United States citizens into this country during the next ten years will be one of the outstanding features of our immigration policy.

Referring to the amendment, I want to congratulate the hon. member for Centre Winnipeg (Mr. Woodsworth) on having become a convert to tariff reform. He was not ever thus. In the Hansard of 1923, volume 1, page 41, the hon. member said:

> I think perhaps I am rather glad in many ways that the tariff was left out of the Speech from the Throne. It is possible that we are getting down to a rather more serious consideration of the actual situation—the recognition that, after all, the tariff is not fundamental in our economic solutions.

Then in 1923, Hansard volume 3, page 2718, May 14, the member for Centre Winnipeg said:

> Mr. Speaker, I should like to express my agreement with a great deal of what has been said by the leader of the Progressives (Mr. Forke) and also to concur in the general lines of the amendment which has been presented. I would, however, like to point out that in the opinion of the group which I represent, the mere bringing about of a larger measure of free trade does not really touch the root of the trouble to-day.

I can only attribute his conversion, Mr. Speaker, to the fact that for almost two sessions he has been sitting in close proximity to the hon. member for Brome (Mr. McMaster) and I believe in the contagion of character. Whether this amendment is defeated or not, I do not think the government should look upon its rejection as a repudiation of the principles contained therein with which we are almost all in agreement. Personally I would like to have more information on the amendment, which calls for an unimproved land tax. Conscientiously I do not know what the hon. member has in mind. Does he intend by an unimproved land tax something similar to the tax levied by the municipalities to-day, or does he want an unearned increment tax; that is, when the sale of land takes place. That in my judgment is a very important distinction. Then there is the question of the revision of the income tax. In some of the provinces we have an income tax. Personally I pay a federal income tax and also a provincial income tax, and I should like to know just what the definite proposals are before committing myself to them, although I am in favour of the amendment in principle. Reference is also made to the graduated inheritance tax. It seems to me, Mr. Speaker, the government should seriously consider again the advisability of what has been suggested by the hon. member for West Calgary (Mr. Shaw) from time to time. That is the calling of a conference between the federal and provincial authorities and taking this as a basis for their discussion, a basis out of which they might evolve some theory really practical and something really helpful as regards taxation. It seems to me that at such a conference the whole question of taxation might be very profitably discussed, as well as the whole problem of economy. If you figure out to-day, you will find that the municipal, provincial and federal taxes amount to $100 per capita for every man, woman and child in the Dominion of Canada. If you place the annual revenue of the average family of five at $2,000—that may be too high or too low—that means that $500 or one-quarter is extracted in an attempt to meet our governmental obligations. It seems to me that no nation can recover quickly, if indeed it can recover at all, while its people are groaning and labouring under such a tremendous burden of taxation.

With regard to the budget itself, in my judgment it is more in harmony with Liberal principles, more in accord with the demands of the Canadian people at this time than any budget introduced since the defeat of reciprocity in the year 1911. Because I believe that, actuated by a sense of fair play, believing also that, perhaps, after all the government did all that could be done, finding itself in somewhat difficult circumstances, I am prepared to support the main motion, looking forward to a time when the platform upon which the government itself was elected, will be carried out in detail and in full.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, I feel that I can compliment the hon. member who has just taken his seat (Mr. Hoey) on his rapid

advance in parliamentary life and standing, and as respects his speech to-day, at least on its style, its splendidly constructed sentences and, as well, the temperament which characterized its delivery. Needless to say, I could not agree with very much of his argument. In many cases I could not discern the argument; but none the less, I have not given up hope that, with a more extended experience in public affairs, and a more practical knowledge of Canadian conditions and business, he may yet become a valuable acquisition to public life.

I want to make some comment at once on that feature of the budget presentation this year which has to do with our finance, with our debt and with the effect of the year's business upon both. The Acting Minister of Finance (Mr. Robb) came to parliament and assured us that we were in the glorious position this year of having a surplus over all outlay, a surplus applicable to the national debt; that the Canadian people now are in debt some $30,000,000 less than they were a year ago. Some of us were prepared for this. We heard a sound go forth earlier in the year that we were going to have a balanced budget. We were not advised how this was to be accomplished, but it was to be done by some means or another. I was not able myself to divine what could be the scheme. I had followed the monthly presentations of expenditure and revenue, and I could not see that we were gaining in either direction. I remembered that in 1923 the Minister of Finance (Mr. Fielding) closed the year with an addition to the debt of $31,641,067.01. I have a little arithmetic in my composition, and I was able to reason that if this year there was even a balancing, it would mean that we must have improved our finances, the advantage of revenue over expenditure, by just that amount. Having looked into the actual returns and obtained them up to date, I want to lay before the House just what improvement we did make. All agree there should have been some improvement; we all know that as we recede from the war, war expenditure naturally diminishes. Civil re-establishment was reduced a year ago by about $3,000,000, and it was expected that it would show reduction this year by about the same amount. But an analysis shows that the aggregate improvement is so small relatively as to be almost negligible. The revenue for the year was better than the revenue of the year before by $1,782,642.34. Imagine an increase of only one and three-quarter million dollars after an elevation of the sales tax, after the addition of all the other taxes that hon. gentlemen opposite imposed. We actually gathered in $1,782,642,-34 more than the year before. These figures are from the returns of the Department of Finance issued the 30th April, inclusive of all revenue received prior to that date and applicable to the previous fiscal year, inclusive of all expenditure of which account had been received, applicable also to the previous fiscal year which ended the 31st March. In addition, the Acting Minister of Finance reported that he had made an adjustment with the British government and a transfer of some accounts which this year netted him $9,622,760.37. This is simply found money. This really was our money five or seven years ago just as it is to-day. Seven years ago it could not be taken into consolidated revenue because most of it was not adjusted, the rest in trust account. This they found as it were by the roadside, but the year before they found $8,-199,000 in exactly the same way. So the improvement in this regard was $1,423,000. This improvement added to the improvement in ordinary revenue aggregated $3,206,000.

Now coming to the other side: Taking total expenditures, they are of four classes: Ordinary expenditure, capital expenditure, special expenditure, and fourthly such as is required for our National Railways, including merchant marine. In capital expenditure the year's business showed $3,489,000 more spent than the year before; in ordinary expenditure an improvement of $1,046,000; in special expenditure, an improvement of $107,000; total improvement $1,154,000. This taken from the unfavourable showing on capital left a net increase in expenditure in those three classes of $2,335,000. Taking, therefore, all revenue of every kind, found money and all the rest, the improvement over the year before was $3,206,000, and all expenditures save railways make a showing worse than the year before by $2,335,000. So the net improvement is $870,000. This is the net of the year's business outside of railways; $870,000 better than the year before. The year before we had an increase of debt of $31,641,000, and this year the Acting Minister of Finance says that we have paid off $30,409,000 of our debt or an improvement for the year of $62,050,000. The only way to account for it therefore would be to find that our railways took less money to the extent of $61,179,000. Now, can the members of the government look me in the face and say that the railway position improved by $61,000,000? Do they suggest such a thing? How then do they tell the country

that we are $62,000,000 better off than we were the year before on the year's showing? The fact is they have misled and deceived the country, and the government knows it.

Mr. MACKENZIE KING: I take direct issue with that statement of my hon. friend.

Mr. MEIGHEN: Well, I will establish it. I come now to the money required for railways. The most we ever heard claimed, even in the press, as the improvement of this year over last, I mean 1923 over 1922, was in some issues $18,000,000 odd, in others, up to $20,000,000—a long way from $61,000,000. But I have had opportuniity to examine the returns of the National Railways, and those I propose to give to the House to show just what the railway improvement was, to show how near il approached $61,000,000, which sum it must have reached if the presentation of this year is right and honest comparable with last year and previous years. There was no improvement even of $20,000,000 as the figures taken directly from the railways' own returns will show.

In getting at the real comparison the following three classes, making up among them the total operating results, appear in the returns: (1) Operating income; (2) Non-operating income; (3) Deductions from income, The following is a comparative statement of the results in each case:

1. Operating income—1922, loss of $1,227,508.34; 1923, profit of $16,273,238.81; showing improvement for 1923, of $17,500,747.15.

2. Non-operating income—including rentals received for cars from other roads, rentals of joint terminals, premises, and so forth, 1922, $10,055,367.83; 1923, $7,885,081.48; showing decrease for 1923, of $2,170,286.35.

3. Deductions from income—including rentals paid for cars, rebates for joint terminals, premises and other items, 1922, $7,387,481.13; 1923, $10,656,671.28; showing greater payments out for 1923, of $3,269,190.15.

These three results taken together, therefore, show operating improvement for 1923, to have been only, $12,061,270.68.

I have left out all reference to fixed charges. I am simply taking the operation, and the net improvement on operation is $12,061,270.68 for 1923, by the railway directorates own showing, by their official returns.

There is, however, still a fourth factor to be taken into account, viz.: the fixed charges for 1923 as against the fixed charges for 1922. The figures for these items are as follows: Fixed charges, 1923, $65,199,323.95; fixed charges, 1922, $59,400,476.11; showing fixed charges for 1923 greater by $5,798,847.84.

Deducting, therefore fixed charges—which I admit a government does not have to advance all in cash, because it is mostly owing the government itself—from improvement in total operating revenues, we find a net improvement of only $6,262,422.84. I am ready to leave out fixed charges, ready to leave out the increase of $5,798,847.84 the year before, and the most they can possibly show is $12,061,270.68. How then does the minister come and say that on account of the railways, and only $870,000 on all other accounts, we are $62,000,000 better off on the past year's showing than we were the year before?

The matter can be presented in another way. For the fiscal years 1922-23, Mr. Fielding, as Finance Minister, advanced out of the national treasury to the National Railways and marine, $98,250,720. For the fiscal year 1923-24, there has been advanced out of the treasury for the same purpose only, $25,281,664. The difference is, $72,969,056. Mr. Fielding advanced moneys from the treasury for the purposes of covering deficits on operation, fixed charges, and new capital investments, including equipment. For 1923-24 the device was adopted of guaranteeing the railway bonds both for equipment and those other purposes to the extent of, in the case of equipment, $22,500,00, for other purposes, $50,000,000, or a total of, $72,500,000, practically the difference between the cash advances of the past year and that of the year before.

It will be seen at a glance that to compare this year with last, or indeed with any previous year, the whole $72,500,000 must be added to the capital debt of Canada.

The result is this. That the national debt of Canada for 1923, has been increased by the sum of, $72,500,000—the guarantees—less the sum of, $30,409,109.37—alleged surplus—The net result, therefore, is an increase for 1923-24 of, $42,090,890.63.

Now, how was this done? The railway is our corporation; it is another name, a chartered name for the Dominion of Canada. The minister endorses the notes of our corporation for $72,500,000; then he says that those $72,500,000 are bonds which we have endorsed inasmuch as we just put our name on the back instead of on the front and therefore we have not affected the debt of Canada. And the Prime Minister says: We are not deceiving the country when we tell them we have reduced the debt. The Minister of Railways (Mr. Graham) arises and says: "Oh, you endorsed the notes of the railway too, and did not add the amount to the national debt."

Yes, there are bonds you can endorse and even moneys you can advance without any need of adding to the debt. For example, if you endorse bonds to pay off other bonds, that does not add to the debt of our company and need not be added to our debt, or if in a given period you endorse bonds to no greater amount than you actually reduce the funded debt of our company by, then certainly you do not need to add to our debt. But the moment you endorse bonds and make this country liable for an amount greater than you reduce the funded debt of the company by, then it is no less than misrepresentation not to add the amount to the public debt of Canada.

Mr. MACKENZIE KING: Does my right hon. friend say that with respect to the bonds which his government endorsed, part of the money was not used to pay off deficits, to pay interest or sinking fund?

Mr. MEIGHEN: I will give the answer immediately, and I hope the Prime Minister will follow me. The facts are here in a return which I have from the department, and they go back to the origin of the National Railways—because no argument applies before that time. The National Railways are ours; their debts, their obligations if we make ourselves responsible, are ours. We endorsed bonds to the extent of $100,000,000, $25,000,000, in each of the years 1920 and 1921 for each of the systems, the Canadian Northern, or the National as it was then called, and the Grand Trunk. Of all the bonds advanced to the Canadian Northern the whole amount was for refunding, while of the advances to the Grand Trunk some 12½ million out of one and about 2¼ millions out of the other—I have the exact figures—were used for general purposes. But we actually advanced in cash, which was represented in the debt, more than twice that sum, which was applied to the refunding of the debt of the Grand Trunk and the Grand Trunk Pacific. In a word, the aggregate of the amount we endorsed which does not appear in the national debt of Canada was less by about $15,000,000 than the amount that was actually applied for refunding. This is the record of the late government. Is this money, may I ask, the $50,000,000, to be used for refunding, this $50,000,000 which was endorsed in February? Will the hon. minister say so? He told the House in his budget speech it was for capital. Certainly the endorsement of last year, 22½ million for equipment, was not for refunding. The whole $50,000,000, on the minister's statement, and the whole 22½ million as well, should in justice be added to the debt of Canada to-day.

It was suggested by the Minister of Railways: "Oh we should not add it to the debt because it is going into capital." Some of it doubtless is; all of it is not. I do not know whether a large proportion is, but I do not care if every dollar of it is; it should on a fair presentation go into the national debt of Canada. I do not want to be misunderstood; I am not necessarily objecting to the endorsement of the bonds. I think generally it is better to advance the cash, but this is not the point I am pressing. The point I am pressing is as to what ought to be the statement of the national debt of this country. Endorse the bonds if you will, but do not keep the people in the opinion that our debt is going down when the debt which we are obligated for on our own system is going up, and is ignored. Why is it that money advanced to be used for capital should be added to our debt, or that money obtained on our endorsement and used for capital should be added to our debt? Well, Mr. Speaker, I will tell why: Because it is not represented by anything which, according to the system in vogue in Canada, can be called an active asset and deductible from the gross debt to get the net debt. Hon. gentlemen will remember that in 1919-20 the Minister of Finance of that day took $282,000,000 of assets—mortgages we held from railways, others of a like character, assets represented by those mortgages, which, because we held the mortgages, had always before been taken off the gross debt—and he said: "These are not carrying any interest; these are virtually, for the moment at least, dead; it is not right, it is not straight to have them appear as deductible from the gross debt to get the net debt." And he wrote them down and put them into the debt of Canada, refusing any longer to deduct them from the gross debt.

I may remark just in passing: Hon. gentlemen often hear about the large increase in the debt in 1920; $282,000,000 of that was just as much our debt years and years before as it was then; but only in 1920 was it put into the debt in order that the people of Canada might know the facts. These mortgages we take now from our own Railways Company, whether we take them to secure our endorsement or take them to secure our advance—these are mortgages that the railways cannot pay interest upon and do not claim that they can. Therefore the late government always had the matter so financed that these were treated as non-active and therefore

not deductible from the gross debt but included in the net debt of Canada. This is why I say that in arriving at any fair statement of our position we are bound to treat all of these as non-active assets—until the day comes, as I hope it will, when the returns of the Railways will be such as to turn those non-active assets into active assets and pay us our interest, or part of it, upon those amounts. Then it will be just to deduct them from our gross debt and therefore not include them in our net debt. But until such a day comes, it is neither the practice of governments which have gone before nor should it be a practice to-day to treat them as real assets in the sense of active assets deductible from the gross debt of Canada.

The hon. member for North Waterloo (Mr. Euler)—and I was really surprised to hear him say so, though he put it in a pretty cautious form, said: "I think there is a surplus. I do not claim that it means a deduction from the debt, but it is a surplus on the year's operations, because when money goes into capital out of which later on our earning power will be better, it should not be charged against the year's operations." But the surplus the minister was endeavouring to prove was a surplus over capital and everything else. And besides, in the handling of the books of the country, as the minister well knows and every one of us well knows, moneys put into capital are, by the millions every year, taken from ordinary expenditure and charged against the year's operations, and in this country as in others it is right that it should be so. How, after this, are we ever going to compare any year fairly and intelligently with any previous year? "Debt reduced" appears on the records—$30,400,000. Well, add $72,500,000 and you have the debt increased by $42,000,000 the year just passed. Does the minister say we should not add the 22½ millions which went into equipment? If he will look at the year before he will find that the Minister of Finance (Mr. Fielding) advanced in cash out of the treasury for equipment and added it to the debt. If he will look at the year previous he will find that the minister advanced in cash again for equipment, and if he will look at the year previous to that again, our year, he will find that we advanced $14,000,000 odd for equipment—all certainly going into realizable assets, but going into a concern which could not pay its way, could not pay interest; therefore our obligation in respect of it should have been and was added to our net debt.

Hon. members one after another rise in their places, pat themselves and say: "Thank heaven we are past the day of deficits. Thirty millions of a surplus, and we are going to reduce our taxation because of that surplus." Well, may I ask why the minister did not endorse the bonds of the company for the 25¼ millions also instead of advancing the money. Then we would have had a surplus of $55,000,000—and imagine the glee of hon. members. No sooner had the Acting Minister of Finance delivered his speech than the hon. member for Last Mountain (Mr. Johnston) rose and declared that it was a great encouragement to the taxpayers of Canada that at last we had a surplus. With what wonderful acclaim would he have given utterance to his feelings had the surplus been $55,000,000! There is something else the minister could do which would be just as logical as what he has done. Why could he not incorporate a company and call it "Liberal Government Incorporated?" The country could own all the stock, and then every year instead of borrowing money or using our revenue to pay our debts, just endorse the bonds of that company; he could take care of our annual expenditure in that way and we would thus "reduce" our national debt by the entire revenue, $300,000,000 to $400,000,000 every year. This is the process which the Acting Minister has started. Where is he going to stop? The debt of this country to-day should be marked up in the books as increased by $42,000,000.

The minister says, and he says with more show of right than in respect of his other contentions: We have some $15,000,000 of the last $50,000,000, the proceeds of our last endorsement, in the treasury, and this should be set off. Well, in one way it should, but to compare with other years, it should not, and for the simple reason that in other years when the money was advanced for this purpose there was also an unexpended sum. Following the practices of other years, which should be done to make our book-keeping clear and in sequence, this cash should not be deducted either, and I venture to say that next year the minister will not take this $15,000,000 and say: This was advanced or guaranteed in the year 1924-25, and not in the year 1923-24. No, by the method previously adopted—the right method—our debt now has been increased by $42,000,000, a little more than the increase of the year before. Mr. Fielding advanced $98,250,000 and this government in reality advanced or guaranteed to the National Railways $97,000,000 and a fraction, practically the same as was advanced the year before.

I have given our financial position, but before I close this phase of the subject I want to make reference to a contention which the Prime Minister has pressed once at least in this House, a contention by way of complaint of the conduct of the late administration in respect of the taking care of war obligations during the currency of the war. I have heard his words re-echoed from various quarters of the Commons, words to the effect that the late government by dereliction, the insinuation always being because it was protecting its friends, "the interests," did not take care of any capital war obligations during the progress of the war, and consequently that the burden of this government is so terrific that only an extraordinary government could bear it. Well, a lot depends on what you would call the "capital" cost of the war. I do not know what the Prime Minister means by it, but I know that in other enterprises capital cost is all costs during their continuance. I know in the statutes, under this government, or former governments of the same party as this, no matter what the enterprise, provision was made even for interest on the cost during construction, during its continuance, being taken as part of the cost. But I do not intend to include interest. I am ready to treat interest on war debt during the war as the carrying cost of the war. Nevertheless we had to get the money and to pay it, and it was directly due to the war. But I wonder if pensions paid during the contest were not part of the capital cost. I wonder if the hospitals of the Department of Civil Re-establishment were not part of the capital cost of the war. Is it only part of the capital cost when the money you get is to buy ammunition for the soldier to shoot, and not the money you have to get to help your own men after they are shot?

Mr. MACKENZIE KING: Does my right hon. friend contend that the pensions we are now paying are part of the capital cost of the war?

Mr. MEIGHEN: After the war is over the capital cost of civil re-establishment continues for a while on a reducing scale, until finally it goes out. There are also pensions for a long time, gradually reducing until they go out, but during the continuance of anything, the capital cost is all it costs, and pensions are as much a capital cost as anything else. It does not matter whether you call it capital cost or not; but I am prepared to call it that, because it is. The carrying cost is the interest on the cost; the other is wholly a part of the cost of the war. But does it matter what we call these things as long as we know what we have to pay? The fact is we had to pay it, and get the money to do so: I have the figures here from the year 1914-1915 on to 1919-1920 inclusive, the receipts, the total expenditure for everything, the deficits and the war expenditure, and I would ask that the details might go on Hansard:

Year	Receipts	Total Expenditure	Deficit	War Expenditure
	$	$	$	$ cts.
1914-15	133,073,482	248,098,526	115,025,045	60,750,476 01
1915-16	172,149,394	339,702,502	167,553,109	166,197,755 47
1916-17	232,701,294	498,203,118	265,501,824	306,488,814 63
1917-18	260,778,952	576,660,210	315,881,257	343,836,801 98
1918-19	312,946,747	697,042,212	384,095,465	446,519,439 48
1919-20	349,746,335	743,763,186	394,016,851	346,612,954 54
Total	1,461,396,204	3,103,469,754	1,642,073,551	1,670,406,242 13
Sinking Fund:—				
1914-15	1,645,812	.....	.....	
1915-16	1,773,021	.....	.....	
1916-17	1,471,698	.....	.....	
1917-18	3,183,493	.....	.....	
1918-19	1,448,495	.....	.....	
1919-20	3,674,265	.....	15,196,784	
Deducted from total deficits this leaves net deficit for 6 years	.....	.....	1,628,876,767	
Taking total net deficit for 6 years from total war expenditure	.....	.....	.....	1,628,876,767 00
Amount paid on war costs is shown to be	.....	.....	.....	41,529,475 00

Year	Receipts	Total Expenditure	Deficit	War Expenditure
	$	$	$	$ cts.
Brought forward				41,529,475 00
Taking pensions into account which are a war cost:—				
1914–15				
1915–16	307,572			
1916–17	2,447,375			
1917–18	7,262,810			
1918–19	16,598,601			
1919–20	23,308,696			49,925,054 00
Amount paid on war cost including pensions				91,454,529 00
Including soldier settlement and soldiers' civil re-establishment:—				
Soldier Settlement—				
1918–19	207,559			
1919–20	2,886,156			
Soldiers' C.R.—				
1919–20	45,869,064			49,062,779 00
We find the amount paid on war cost to be				140,527,308 00
Then there were as well special expenditures such as management and expenses of placing loans which should be charged against and were solely caused by the war:—				
1914–15	4,911,360			
1915–16	3,160,557			
1916–17	14,758,901			
1917–18	10,505,751			
1918–19	−7,283,582			
1919–20	17,945,120			43,998,107 00
This would show the amount paid on war cost from revenue raised by taxation during the war to be				184,525,415 00

Mr. MACKENZIE KING: Does my hon. friend contend that the money we are voting this year for soldier settlement and soldier's civil re-establishment is part of the capital cost of the war?

Mr. MEIGHEN: I contend this: When incurred during the war it is perfectly right to include it as such. It is after the war now, but is this even now "carrying" cost? It all depends on what name you prefer. We had to get the money to pay it, no matter what you call it; and it certainly was fairer to call it capital cost, than to call it "carrying" cost then. I would like to know what the difference is between the cost of curing a wound and the cost of making one. Is one to be called capital, and the other not?

Let me add, in the first year of the war necessarily, there could be no war taxes imposed. The war broke out shortly after the end of a fiscal year, and the first taxes which could be imposed would be collectable in the second year after the struggle began. So, we had say five years of war, with only four years' possibility of taxation. And I wonder was the taxation too light? Could the taxes have been made greater?

Mr. MACKENZIE KING: Yes.

Mr. MEIGHEN: The Prime Minister says yes but the member sitting at his right thought no at the time we were imposing them. The right hon. gentleman himself was not in the House at that time. The facts are these: During the early part of the war, as revealed, indeed, by the figure given to the House to-day by the hon. member for Springfield, when the United States were not in the conflict, they held a tremendous advantage over us as a magnet for population. If hon. members will look at the official returns they will find that for all these early years after the war right up to the time the United States came in, the balance of migration against this country was in large figures. In those days we had to look carefully in making our financial provisions because there was the prospect that contrasted with conditions across the border, instead of getting more money by a too high scale we would get

less and we would certainly get less population. We had to adjust our finances accordingly, and as rapidly as we could we increased taxation and in the spring of 1917 we put on the highest profits taxes in the world. We put on other taxes almost in proportion. So high did we impose them that hon. gentlemen now sitting opposite, hon. gentlemen now in the government, rose and protested that the effect of such taxation would be unfair to the industry of Canada. If the Prime Minister will look at Hansard for May 22, 1917, at the time these high taxes were being put on—I mean the higher taxes for there had been profits taxes imposed long before —he will find that his present Minister of Railways warned the government that strong representations were coming to him from many and reputable business concerns to the effect that the high taxation being levied upon them would so reduce their reserves gathered during the period of inflation that they would never be able to stand the deflation period which was sure to come. Not only did he tell of these representations—representations which went so far as to say that one firm after another might be driven into bankruptcy—but he declared on the strength of figures submitted to himself, on the strength of investigation made by himself, he was disposed to agree with their contention. And the Minister of Railways turned out to be right—this was the effect on many a company in Canada. I have not even referred to the warnings that came from the Minister of National Defence (Mr. Macdonald). Now the leader of both these hon. gentlemen says "You did not tax nearly enough, you let the profiteer go." I do not think this conduct on the part of the Prime Minister is very fair, especially when during that period we were supported in the course we took by certainly the one most eminent of his own ministers to-day.

The amount we had to raise for interest on war debt, was a sum in the neighbourhood of two to three hundred millions more. According to the figures of Sir Thomas White some $435,000,000 of war cost was paid during the real period of the war. I do not think this experience compares unfavourably with that of any other country but I say this: Having regard to the position this Dominion was in, a position unique in the world, a position right alongside of the most prosperous nation speaking our own tongue, we went as far in the direction of taxation as was in the interests of this Dominion and we were recognized as doing so by hon. gentlemen among those who now complain.

[Mr. Meighen.]

There is one other statement I wish to make. I am sorry the Minister of the Interior (Mr. Stewart) is not in his seat. It refers also to what took place in those years. The Minister of the Interior went to the city of Edmonton last fall and made a statement explanatory of the failure of this government to reduce the debt. This is what he said:

> In 1911 when the Conservatives took office the public debt was less than the sum now required to meet the annual fixed charges. By the time the war began in 1914 the national debt was increased 46 per cent.

I should like to ask the minister—and I will put my question on Hansard now so that he may answer it at the first opportunity on the Orders of the Day—whether he made this statement before any audience in this Dominion? I have read from the report of the Edmonton Bulletin, an organ friendly to himself. I do not need to insult the House by telling them it is not true. Every hon. member knows that instead of the debt being increased 46 per cent—an incredible amount; I cannot see how a responsible man could possibly use such words, and I would employ stronger language only I hope he will be able to say the report of the Edmonton Bulletin is wrong—the facts are quite the opposite. The debt in the one year was increased by twenty-one million odd dollars, and in the other years was diminished by twenty-five million odd dollars, and at the end of the fiscal year just before the outbreak of war the debt was some three million odd dollars less than when the then government came into power. Although not much to the point I may add parenthetically that one reason of the increase in the year I referred to was the necessity of taking care of precious railway enterprises for which we were not responsible.

Now I come to other features of the budget. The budget proposes a reduction of taxation. Nobody can help but rejoice in a reduction of taxation as such; but I want to know what justification this government has for proposing to this House to reduce taxation. With a deficit of forty millions, or in that neighbourhood—and it would have been much higher but for the money they found by the roadside—how do they justify a reduction of taxation at all? I wonder does the Acting Minister of Finance really expect that he is going to be able to balance the budget this year upon which he has launched? To-day his revenues are going down. I venture to say he will not get any one hundred and twenty millions next year on his sales tax. He collected last year about forty-seven millions more on his sales tax out of every-

body in the country that was collected two years before. True he collected about forty-two millions less on income and profits taxes. On those taxes which were always said to be taken from profiteers he gets about forty-two millions less than we did. But he got last year some forty-seven millions more from the sales tax which comes from everybody, thus fulfilling the prophecy of the Minister of Labour (Mr. Murdock) "that the masses were to be relieved and the profiteers or malefactors were to be mulcted." I do not think the Acting Minister of Finance looks forward with much equanimity to balancing his budget for the year to come unless he intends an extension of the practice which accounts for the "surplus" of this year. No, on the showing of the past year and with no evidence of any further retrenchment—no evidence at all events until we are sure what the supplementaries are going to be—I do not think he has any right to reduce taxes at all. We hear a lot of late about reduced estimates, but when we come to this session and find the expenditure of the year greater than for the year before, even though the estimates were less, I do not believe we have much ground for hope that there is going to be any substantial economy.

So far as sales tax reductions go, they certainly should be made just as fast as economies will justify, just as fast as the year's returns will show to be possible. Those taxes come from everybody. They necessarily impede business. I think imposed on a small scale they are a fair tax. I do not think we can get on wholly without them. And I do not object even to special favours going to those who now, owing to world conditions,are under specially difficult handicaps. I do not object to special favours or privileges going to agriculture such as the wiping out of sales tax on implements because agriculture to-day the world over labours under difficulties very great, but I do sometimes wonder how hon. members to my left can accept these special privileges. I have read their newspapers. I have listened to many of their speeches. Have they not been roaring for many a year against "special privileges," and how in the world they find it in their hearts to take these special favours, I am at a loss to know. I am not objecting to them in any way. You have to meet conditions as they occur, and you have to do the things which will meet them.

Now I speak of the tariff reductions those which reduce the revenue by the whole sum of $750,000, around which this debate has largely centred. We have had tariff discussions in parliament as long as I have been here, and for many and many a decade before, and I do not know that I can add very much to a general tariff debate. I do hope though in a brief way to lay my views before the House. I have opinions on the question,—opinions that are not in principle different from those with which I entered parliament, not in principle different from any I have ever expressed in or out of this House, but matured, I hope, by some years of experience and observation of practical affairs. I believe in the protective system, I believe when we have a protective system it should be balanced, and it should be equitable. If I disbelieved in a protective system, but found one applied, I would still want it to be equitable; I would not want it "gerrymandered," to use the excellent expression of the hon. member for Sherbrooke (Mr. McCrea). A tariff which treats one manufacturer one way, or one class one way, and another in a different way, cannot be defended by any person. The free trader from his standpoint can defend a tariff on goods not Canadian-made for such alone is a revenue tariff, as well defined by the hon. member for Springfield to-day. The protectionist can defend a tariff on Canadian-made goods fairly and equitably applied. But no human being can defend what this government presents, either on the theory of free trade or on the theory of protection or on any principle at all.

Has anybody tried? I have not heard anybody try. Ministers have risen, one after the other; but oh, such defences! Could I illustrate better than from the words of the Solicitor General (Mr. McMurray). He was fair; no one can dispute his fairness. He supported free trade till six o'clock, and protection after eight o'clock. Up till six o'clock he denounced the whole principle of protection, but he pleaded with hon. members of this House to allow this government to continue it, saying that a great blunder was committed in that it ever was established. But once established, he said, it is hard to get rid of. After eight o'clock, when he found that he himself had assisted in putting a new protection on artificial silk, he said the Liberal party was always in favour of commencing industries by a protective tariff.

The protective system is in use in most of the world; indeed, there is only one important country to-day which does not follow it. The presumption would be, I think, that granted a fair distribution of intelligence the world over, there is at least much to say in its defence. The common judgment of humanity persisted in year after year for centuries

has not often proved to be far astray, especially in regard to commercial matters. What has the hon. member for Brome in his mind just now?

Mr. McMASTER: I had in mind that for years and centuries the common judgment of mankind said that the earth was flat.

Mr. MEIGHEN: Yes, the common judgment is sometimes wrong about astronomical facts; but the man who places a question of commercial practicability in the same category as astronomical facts is not very likely to reason properly about either. The purpose of a protective tariff is to secure a distribution of industries in the country which adopts it, to secure a better distribution and diversity of occupation. I do not doubt that if the world were all one and it did not matter at all what particular part advanced more rapidly than the other, if conditions in every country were alike, if, in a word, the whole idea of nationality were abandoned, then there would be much to be said for free trade. But even then it would in my judgment result in a concentration of industries and occupations to a tremendous degree. It would lessen the distribution of the activities and occupations of people throughout the length and breadth of the globe, and therefore I am not sure that it would add to the happiness of humanity. But in the world we live in to-day, where the unit is the nation and where the purpose of national policy is to serve the whole, I am utterly unable to understand how any country especially a young country, ever expects to secure diversity and distribution of occupation without a protective system. But of all countries which could so expect, surely this would be the last.

It may be that a nation far ahead, a nation which has the advantage of vast and long experience in production, a nation which has great facilities in world banking, which has tremendous plants and a large population to cater to, would be as well under free trade. Certainly it would be far better if all the rest of the world would be good enough to follow suit. But here we are situated alongside of the furthest advanced industrial nation of the world—we have to direct our affairs with constant relation to this truth—a nation which holds a tariff in front of us year after year, decade after decade—I almost said century after century—a nation which almost absolutely denies us access to its markets save for such raw products as it has to have in order to make money in their manufacture.

[Mr. Meighen.]

Mr. MORRISON: What about our farm implements? They have access to that market.

Mr. CALDWELL: What about boots and shoes?

Mr. MEIGHEN: I had better answer the hon. member now. He says: Oh, they do not put up a tariff against farm implements. They put it up against farm products and manufactured goods, but implements and boots and shoes they let in free. So the hon. gentleman says that we ought to let our tariff down because now we can get into their markets. I venture to say that if he will speak to any hon. member who represents a constituency where boots and shoes are manufactured, he will find no boot and shoe manufacturer, "with gray matter in his skull," to use the ornate language of the hon. member for Springfield (Mr. Hoey), who, having control of the capital of an organization will invest that capital in a factory in Canada whose product is to be sold in the United States—adapt his plant to produce goods to meet the various tastes there—for he knows that, even with the United States tariff down, harassing restrictions and every possible obstacle will be put in his way, and as well that in the course of two years, the tariff may go up and all his investment be lost. This has been the experience in so many instances that the business men of Canada have learned.

I want to know what hon. member with a dollar to invest, thinking of establishing an enterprise, if he knew that in the United States he would have 110,000,000 people to cater to, and that here he would have only 8,000,000 or 8,500,000 and only such portion of those as his competitors over there had not taken for themselves, would establish himself here instead of there. I should like hon. members to think these things out. It is a hard cold fact that business men, as farmers and everybody else, usually go—subject to certain patriotic restraints—where they can do the best. And, with a plain case before them of every advantage there which could be got here—save, of course, certain local conditions and circumstances which, in the aggregate and speaking generally do not amount to a great deal—and with only a fraction of the advantage here that they would have there, which of them would choose to establish on this side of the international line rather than on that? But the manufacturer who starts in Canada depends, of course, upon having an advantage in his home market corresponding to that which his American competitor has in his own country. This is the

experience of Canada, and we have learned from our experience.

I will not labour the point further. I have no hope on earth of ever convincing some hon. gentlemen to my left who say our course now is to drop our tariff inch by inch and foot by foot, because they believe the United States is going to have a lower tariff soon, and they think, forsooth, that this course on our part would likely accelerate that condition of affairs. I have listened to so many prophecies about what the United States are going to do in the way of low tariff that I have almost lost my faith. The hon. member for Marquette (Mr. Crerar) will recall that, year after year, he thought they were getting pretty close to a low tariff in the United States. If he does not recall it, he will remember the eloquence of his friend from Red Deer of that date, who professed, in season and out, right up to the emergency tariff of 1921, a belief that the United States were getting pretty near to free trade. He used to employ the language used in this debate by the hon. member for West Calgary (Mr. Shaw). "Why," he would say, "over there they are paying just a few cents per capita in customs taxes and here we are paying a great deal more per capita; so we are far more protectionist than they." This really was the language echoed by the hon. member for West Calgary. As if the amount they are paying per capita was not governed by the height of their tariff. Why, on the reasoning of the hon. member for West Calgary, Great Britain is to-day the most highly protected country in the world. They have a far higher per capita customs duty than we have, far higher, I think ten times as high as that of the United States. No, the hon. member who was leader of the Progressive party (Mr. Crerar) shed his prophecies when the emergency tariff came down, but he seems to have passed the mantle of Elijah to his successor from Brandon (Mr. Forke), for that hon. gentleman rose even in this debate and foretold that they would very soon have a low tariff in the United States. I would advise him to wait. He will possibly see a reduction—but he will likely live to see that reduction done away with. If he lives long enough, he will come to the conclusion that we had better make our tariff to suit ourselves.

Mr. FORKE: I think I stated specifically, when I spoke on the budget, that we ought to frame our tariff independently of anything the United States might do. Our fiscal policy should be one to suit ourselves.

Mr. MEIGHEN: I am very glad that, to this extent, I have made a convert of the hon. member for Brandon (Mr. Forke). I ask him carefully to remember his words, to remember, when the question of reciprocity comes up again, the virtuous conviction of this hour. He is right to-day, and I hope he will give us a better example of the perseverance of the saints than this government has ever done. Yes, we should make and maintain our tariff according to a principle which is suited to Canada.

Mr. FORKE: I agree with that. I do not see what I have to take back.

Mr. MEIGHEN: I wonder if hon. gentlemen to my left believe that in attacks upon this principle—for many of them make them sincerely—they are really making any gains. They heard the Minister of the Interior (Mr. Stewart) say: "This budget is the death knell of protection; protection is not all gone, but it is going little by little; its death knell has rung." They heard that all right, and they heard the Minister of Agriculture (Mr. Motherwell) proclaim that the blessed day of the execution of the 1919 platform was about to dawn. They have listened to those things, but I wonder if they have listened to other things as well. Have they heard from hon. gentlemen over there any falling away from the protective principle? Those men who are going to vote for the budget, scores of them—does anyone think they believe in the principle of the hon. member from Marquette? Does anyone think they believe in it even as applied in this budget? Not one out of ten of them does, and all I need appeal to is their words in this House. For example, the hon. member for Quebec county (Mr. Lavigueur) is ready to vote for the budget. Yes, but he says: In our country we are making boots and shoes; you keep your profane hands off boots and shoes; I will support you as long as you stick to something we do not make; I am ready to vote for low farm implements, because, as he answered me, that is protection for the farmers; but boots and shoes, never! He complained that the duty to-day was far too low on boots and shoes—he who is supposed to stand up in this House and vote for a duty one-third the size in respect of a very vital industry in this Dominion. Let no one mistake my words: I support the hon. gentleman from Quebec in respect of boots and shoes; but I apply his principle all round. I wonder whether hon. gentlemen to my left think that those across the way really believe in one single

argument they have advanced. Hon. gentlemen have been advancing the argument all along that when you impose a duty you make the farmer or the consumer pay the whole amount of it not only on imported goods but over the whole line of similar Canadian-made goods which they buy. Well, if such is the case in boots and shoes I am sorry for the consumer. Of boots and shoes we are importing about 5 per cent of our supply, so that for every dollar of the duty paid in taxes, according to hon. gentlemen to my left, there is paid the sum of $19 to the manufacturer in Canada. And this, mark you, is a "revenue" tariff government. Let hon. gentlemen listen to the Prime Minister when he speaks and they will find him extolling the virtues of a "revenue" tariff. Yet this government of "revenue" tariff is taking, in the boot and shoe industry, about $300,000 a year in duties, getting it only from 5 per cent of an importation. The government know right well that if they cut the duty in two on boots and shoes they would get far more revenue for the country. Will the Prime Minister dispute that? Do not let him or any other hon. member say that I am suggesting the cutting of the duty on boots and shoes. I would not have made the reduction of last year, for I believe in fair protection for boots and shoes the same as for everything else. But imagine a government pretending to advocate a "revenue" tariff, and collecting a duty which it does on the importation of a commodity in respect of which, according to their friends and allies, there is involved an imposition on the consumer of $19 for every one dollar collected in taxes. No; the hon. member for Quebec county (Mr. Lavigueur) says: "Keep your sacrilegious hands off boots and shoes." But he is just the same as the others. What about the Minister of Justice (Mr. Lapointe)? I warned hon. gentlemen to my left two months ago that if they wanted to test the government's real opinion of the principle which they—the government—are always denouncing, all that they had to do was to turn their barrage against boots and shoes. Why, when a delegation came down two weeks or so ago the Minister of Justice appeared before them and, as reported to me, tried to have them think that we were attacking the duty on boots and shoes on this side. The minister nods; he says no. Well, I am glad to have him confess openly in this House that we have not attacked it. But I do know that he painted himself as Horatius on the bridge standing gallantly against the Tarquin hosts.

[Mr. Meighen.]

Mr. LAPOINTE: My hon. friend from Lanark (Mr. Preston) yesterday said that the Minister of Justice was looking after his own constituents and was not touching boots and shoes.

Mr. MEIGHEN: So he is; but why not look after others too? The Minister, says, "Don't put your hands into my county". And what about the Minister of Customs, the hon. member for Three Rivers, (Mr. Bureau)? He is ready to vote dismay to the city of Hamilton; he is quite prepared to sacrifice the city of Toronto, the city of Brantford, and indeed to sacrifice all his divorced wife's relations so long as Three Rivers is left untouched. But if any one attempts seriously to invade the industries there, he will know something of what it means to prod the tiger in his lair. Again, what about the Minister of Railways himself? He stands in the citadel of Brockville—there at least is his home—and, while he has not done much to the constituency of South Essex, he is ready nevertheless to strike a blow at Hamilton, at Toronto, at Brantford, at Smith's Falls, in short, at all those counties which suffer particularly from the virtual abolition of duties on their manufactured products, but glancing jealously at the Canada Forgings planed in Brockville he holds up his warning hand and says: "Keep your fingers out of my lawn mowers". He extracts lawn mowers—

Mr. GRAHAM: My right hon. friend, if he will read the tariff carefully, will gather a great deal of information in regard to other items which are affected very materially and which I might say something about.

Mr. MEIGHEN: I have read the tariff, and I have the information, but I am on lawn mowers just now. I know that these articles are extracted from a schedule of spades, shovels and the like which the minister reduces and lawn mowers are left with a duty of 20 per cent, 30 per cent and 32½ per cent. The whole thing is a calculation of how few constituencies, and consequently how few votes, need be sacrificed in order that the government may purchase the support of hon. gentlemen to my left.

On motion of Mr. Meighen the debate was adjourned.

At six o'clock the House adjourned, without question being put, pursuant to rule.

Thursday, May 15, 1924

CANADIAN NATIONAL RAILWAYS

BILLS PROPOSED TO AUTHORIZE THE CONSTRUCTION OF BRANCH LINES

Mr. FRANK S. CAHILL (Pontiac) presented the seventh report of the Select Standing Committee on Railways, Canals and Telegraph Lines, as follows:

Your committee have agreed to recommend that the following be inserted in every Canadian National Railway Branch Line bill now before the House as a new section, viz:

Should it appear to the company upon making final survey of the said line of railway that the expenditure involved in the completion thereof will exceed the limits of expenditure specified in this act, the company shall not commence nor proceed with the work upon the said line of railway without first obtaining the approval of parliament.

RESIGNATION OF MR. WALTER G. MITCHELL

Mr. SPEAKER: I have the honour to inform the House that I have received this day the following letter:

Montreal, May 14, 1924.

Hon. RODOLPHE LEMIEUX, K.C.,
Speaker of the House of Commons,
Ottawa, Ont.

My dear Mr. Speaker:

I beg to enclose herewith official declaration, resigning as member-elect for St. Antoine division, Montreal, duly signed and witnessed as required by law.

With highest personal regards,
Believe me, dear Mr. Speaker,
Yours sincerely,
W. G. MITCHELL.

The declaration is as follows:

Dominion of Canada
House of Commons
To wit:

To the Honourable Speaker
of the House of Commons:

I, Walter George Mitchell, member of the House of Commons of Canada, for the Electoral District of St. Antoine, do hereby resign my seat in the said House of Commons for the constituency aforesaid.

Given under my hand and seal at the city of Montreal, this 14th day of May, 1924.

W. G. MITCHELL.

Witnesses:
John D. Kearney.
A. M. Andrews.

I have accordingly addressed my warrant to the Chief Electoral Officer for the issue of a writ.

BANKING—RESOLUTION, MR. LADNER, DROPPED

Mr. L. J. LADNER (Vancouver South): Mr. Speaker, I move that we now proceed to Public Bills and Orders for the purpose of dropping the resolution standing in my name. This is merely a formal motion suggested by the chairman of the committee.

Motion agreed to, and the House proceeded to Public Bills and Orders.

Mr. LADNER: I beg to move that Order No. 44 standing in my name, be discharged.

Motion agreed to.

UNITED CHURCH OF CANADA

Petitions were presented from certain members of the following congregations severally praying that the proposed legislation incorporating the United Church of Canada be not enacted:

St. Andrew's Presbyterian Church, Sarnia, Ont.—Mr. LeSueur.

Petitions were presented from certain members of the following congregations and bodies severally praying that the bill now before the House be passed during the present session:

Methodist churches at Horning's Mills, and Whitfield, Ont.; Congregational Church, Economy; Uunion Church, Kentville, N.S.; Welland Avenue Church, St. Catharines, Ont.; Greenwood Church, Winnipeg, Man.; Methodist Churches, Myrtle, Raglan and Columbus, Ont.; Methodist Church, Britannia, Ont.; Presbyterian Church, Regina, Sask.—Mr. Coote.

Hope Methodist church, Toronto.—Mr. Harris.

Methodist Church, Preston, Ont.; Presbyterian Church, Belfast, Calgary, Sask.; Methodist Church, Acton, Ont.; Union Church, Abernethy, Sask.; Knox Presbyterian Church, Saskatoon, Sask.; Morrison Street Methodist Church, Niagara Falls, Ont.; Presbyterian Church, Balcarres, Sask.; North Street Methodist Church, Goderich, Ont.; Methodist Churches, Aikens, Wallbridge, Scotts and Stone, Sidney Circuit, Hastings County, Ont.; Methodist Church, Hespeler, Ont.; Methodist Church, Sawyerville, Que.—Mr. Baldwin.

First Presbyterian Church, Victoria, B.C.; George and Erskine Presbyterian Church, Victoria, B.C.; Methodist Church, Millview, P.E.I.; St. Paul's Presbyterian Church, Victoria, B.C.; Methodist Church, Woodnorth, Man.; St. Aidan's Presbyterian Church, Victoria, B.C.; Methodist Church, Cheapside, Ont.; St. Andrews Presbyterian Church, Victoria, B.C.; Methodist Church, New Westminster, B.C.; United Church, Kindersley, Sask.,—Mr. LeSueur.

United Church, Tulston and Broomhill, Man.; Dublin Street Methodist Church, Guelph, Ont.; B. L. Peck and 86 others of the Congregations, Sidney, Man.; Methodist Churches, Brookline and Kendron, Ont.; United Church, Biggar, Sask.; United Church, Woodville, Ont.; Methodist Church,

Thomasburg, Ont.; Ontario Street Methodist Church, Clinton, Ont.; Presbyterian Church, Howick and Riverfield, Que.—Mr. Hammell.

Presbyterian Church, Florence, N.S.; Methodist Churches, Bethel, Benmiller and Zion Congregation in Colborne township, Ont.; Presbyterian Church, Georgetown, P.E.I.; Methodist Church, Warkworth, Ont.; Methodist Church, Rosemont, Ont. Methodist Church, Wardsville, Ont.—Mr. Leader.

Cameron Union Church, Minnedosa, Man.; Congregational Church, Ayer's Cliff, Que.; Methodist Church, Port Dover, Ont.; Welcome Zion Congregational Church, Ottawa; Methodist Church, Govan, Sask.; Congregational Church, Watford, Ont., Connaught Station, Ont.; Methodist Church, Merritton, Ont.; First Methodist Church, Owen Sound, Ont.,—Mr. Bird.

Olivet Congregational Church, Toronto; Presbyterian Church, Tuxford, Sask.; Methodist Church, Pembroke, Ont.; St. Pauls Presbyterian Church, Prince Albert, Sask.; Brant Avenue Methodist Church, Brantford, Ont.; Union Church, Wawanesa, Man.; Union Church, Eyebrow, Sask.; United Church, Haileybury, Ont.; Methodist Church, Listowel, Ont.; United Church, Tyvan, Sask.; Presbyterian Church, Stoney Beach, Sask.; Methodist Church, Tilbury, Ont.; Zion Presbyterian Church, Armstrong, B.C.,—Mr. Morrison.

Colborne Street Methodist Church, Brantford, Ont.; Knox Presbyterian Church, Brookfield, N.S.; Presbyterian Churches, Peterboro; Grace Methodist Church, Moose Jaw, Sask.; Presbyterian Church, Danville, Que.; St. Andrew's Church, Rousseau, Ontario; Methodist Church, Tamarisk, near Grand View, Man.; Knox Presbyterian Church, Goderich, Ont.; Central Methodist Church, Port Colborne, Ont.; United Church, Inglis, Man.; Methodist Church, Islington, Ont.; Congregational Churches, Elcho, Diltz and Bethed, Ont.; Methodist Church, Moorefield, Ont.; Presbyterian Church, Alliston, Ont.; Methodist Churches, Sweaborg and Embro, Ont.; Union Church, Brora, Sask.; Methodist Church, Hickson, Ont.,—Mr. Spencer.

Presbyterian Church, Pine Creek, Alta.; Presbyterian and United Churches, Lemsford, Sceptre and Fairbank, Sask.; United Church, Sceptre, Sask.; East End Methodist Church, Montreal, Que.; Mountain Street Methodist Church, Montreal, Que.; Methodist Church, Salisbury, NB.; W. F. Campbell and 80 others, of Toronto; Union Church, Birtle, Man.; Methodist Church, Nanton, Alta.; United Congregations, Ardath, Bounty and Conquest; Methodist Church, Chatham, N.B.; United Church, Rapid City, Man.; Union Churches, Edgar, Dalston, Rugby and Crown Hill, all in the County of Simcoe, Ont.; Carman Methodist Church, Toronto; Methodist Church, Wingham, Ont.; Presbyterian Union Church, Cache Bay and Sturgeon Falls, Ont.; Gilbert Todd and 81 others, Lachute, Que.; Presbyterian Church, Macroyie, Sask.; George Street Methodist Church, Peterboro, Ont.; St. Claire Avenue Methodist Church, Toronto,—Mr. Bowen.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CANADIAN NATIONAL RAILWAYS—RETURNED SOLDIERS

Mr. BLACK (Halifax):

1. How many returned soldiers have been appointed by the Canadian National Railways. in Pictou county, since January 1, 1922?
2. What are their names and to what positions were they appointed?

Hon. Mr. GRAHAM:

1. 8.

2. G. H. Cummings, crossing watchman; J. H. Dunn, brakeman; Wm. Landry, T. S. Penny, G. W. Sinnis, W. B. Wilson, Noble McKay, locomotive wipers; George Sinnis, stores issuer.

CANADIAN NATIONAL RAILWAYS—POLICE OFFICER, PICTOU, N.S.

Mr. BLACK (Halifax):

1. Who is the Canadian National Railway Police Officer in the town of Pictou, Nova Scotia?
2. When was he appointed, on whose recommendation and why?
3. Who was the previous incumbent of this position?
4. When was he appointed and when did he retire?

Hon. Mr. GRAHAM:

1. P. O. Carroll, C.N.R. uniformed watchman in Pictou.

2. Appointed July 10, 1923, by the late general manager to protect coal pile and other railway property.

3. There was no former incumbent.

4. Answered by No. 3.

COAL MINING RIGHTS

Mr. BROWN:

1. Have any coal mining rights by way of lease or otherwise been granted since the 6th of October, 1919, in townships 55, 56, 57, 58 and 59, ranges 7, 8 and 9 west of the 6th initial meridian?
2. If so, to whom?
3. What total area was included?

Hon. Mr. STEWART:

1. Yes. Three applications for leases of coal mining rights within the said townships were accepted by the department on the

5th day of June, 1919, and payment of the rental of the areas applied for, amounting to $3,840, was accepted by the department on the 2nd day of July, 1919. Owing to unavoidable delays leases in favour of the applicants of the rights so applied for were not finally issued until the 20th of February, 1920. As the applications had been made in strict conformity with the provisions of the regulations for available coal mining rights, and as the department had accepted the rental for the first year, there was no other course but to issue leases under the regulations.

2. Edwin Jochin, John Moyes, L. R. Wolaver.

3. 3,740 acres.

Mr. BROWN:

1. Are there any subsisting leases or licenses to take coal from the following lands in townships 55, 56, 57, 58 and 59, ranges 7, 8 and 9 west of the 6th Initial meridian?

2. If so, when were they made?

3. To whom?

4. Who are the present holders?

5. If a company, who are the directors, officers and shareholders?

6. Have any of the holders of leases been in arrears in payment due to the government?

7. If so, what are the dates and duration of default?

Hon. Mr. STEWART:

1. Yes.

2. October 19, 1912; June 10, 1913; May 22, 1914; February 20, 1920.

3. J. G. A. Campbell, Adam Joachim, Charles M. Abbott, Roderick J. Mackenzie, Edwin Jochin, John Moyes, Lee R. Wolaver.

4. Canadian Coal Fields, Limited, and Blue Diamond Coal Company, Limited.

5. Directors: J. P. Bickell, W. J. Sheppard, J. B. Tudhope, D. H. McDougall, Strachan Johnston. Officers: J. P. Bickell, President; H. G. Laux, Secretary-Treasurer.

Shareholders: No information.

6. Yes.

7. Lease No. 917.—Canadian Coal Fields Limited—

In default from—	In the sum of
October 19, 1913 to January 14, 1914	$1,280 00
January 14, 1914 to November 18, 1914	25
October 19, 1914 to May 17, 1915.	1,280 00
October 19, 1915 to September 29, 1916	1,280 00
October 19, 1916 to June 16, 1917.	1,280 00
October 19, 1917 to December 26 1918	1,271 26
October 19, 1918 to December 26, 1918	1,280 00
December 26, 1918 to January 16, 1919	87 32
January 16, 1919 to April 15, 1919	8 38
October 19, 1919 to November 21, 1919	1,280 0(
November 21, 1919 to April 9, 1920	672 72
April 9, 1920 to July 28, 1920..	276 32
October 19, 1920 to November 20, 1920	1,280 00
November 20, 1920 to December 10, 1920	7 85

Lease No. 1,048.—Canadian Coal Fields Limited—

In default from—	In the sum of
June 10, 1915 to July 4, 1916..	$ 640 00
July 4, 1916 to September 29, 1916	34 10
June 10, 1916 to September 29, 1916	640 00
June 10, 1917 to November 21, 1919	640 00
November 21, 1919 to April 9, 1920	413 55
June 10, 1918 to July 28, 1920..	640 00
June 10, 1919 to July 28, 1920..	640 00
June 10, 1920 to July 28, 1920..	640 00

Lease No. 1,208.—Canadian Coal Fields Limited—

In default from—	In the sum of
May 22, 1915 to November 8, 1915	$ 640 00
May 22, 1916 to September 29, 1916	640 00
May 22, 1917 to November 21, 1919	640 00
November 21, 1919 to April 9, 1920	415 21
May 22, 1918 to July 28, 1920..	640 00
May 22, 1919 to July 28, 1920..	640 00
May 22, 1920 to July 28, 1920..	640 00

Lease No. 1,283.—Canadian Coal Fields Limited—

In default from—	In the sum of
May 22, 1915 to April 18, 1916..	$1,280 00
April 18, 1916 to May 20, 1916..	58 22
May 22, 1916 to March 2, 1917..	1,280 00
March 2, 1917 to November 21, 1919	52
May 22, 1917 to November 21, 1919	1,280 00
November 21, 1919 to April 9, 1920	830 96
May 22, 1918 to July 28, 1920..	1,280 00
May 22, 1919 to July 28, 1920..	1,280 00
May 22, 1920 to July 28, 1920..	1,280 00

Lease No. 1,610.—Blue Diamond Coal Company Limited—

In default from—	In the sum of
February 20, 1921 to May 4, 1921	$1,280 00
May 4, 1921 to December 10, 1921	964 05

Lease No. 1,674.—Blue Diamond Coal Company Limited—

In default from—	In the sum of
February 20, 1921 to May 4, 1921	$1,280 00
May 4, 1921 to December 10, 1921	964 05

Lease No. 1,675.—Blue Diamond Coal Company Limited—

In default from—	In the sum of
February 20, 1921 to May 4, 1921	$1,180 00
May 4, 1921 to December 10, 1921	864 26

SLADE LEASE—PURCHASE BY SOLDIER SETTLERS

Mr. GARLAND (Carleton):

1. What was the acreage comprising the lease known as the Slade lease?
2. What sum of money was paid to D. Slade by the Soldier Settlement Board for the relinquishing of this lease?
3. How many farm units was the lease divided into?
4. At what price were each of these units sold to the soldier settlers?
5. What sum of money has been received from the soldier settlers to date thereon?
6. How many of these farm units have been abandoned by the original soldier settler, if any?
7. What is the present valuation of this land?

Hon. Mr. STEWART:

1. 3,200 acres.
2. $5,000.
3. Ten.
4. Seven sold at the following prices: $4,095; $3,758; $4,115; $4,095; $4,210; $3,335; $3,730.
5. $4,196.85.
6. None.
7. No appraisal subsequent to original inspection.

EARTHQUAKE IN JAPAN—MR. BRYAN'S CLAIM

Hon. Mr. STEVENS:

1. What was the amount of the claim made by A. E. Bryan, Canadian Commissioner of Japan, for loss incurred during the earthquake in Japan?
2. What amount has been included in the estimates to cover this instance?
3. Is the said amount final payment and does it fully cover the loss incurred?
4. Has any compensation been paid to date?

[Mr. C. A. Stewart.]

Hon. Mr. LOW:

1. $6,787.75.
2. $4,000.
3. Yes, $4,000 has been allowed as final payment on claim of $6,787,75.
4. Yes, $666.66, being one-sixth of the total vote of $4,000.

GRADING OF CHEESE

On the Orders of the Day:

Mr. H. A. STEWART (Leeds): I should like to ask the Minister of Agriculture whether, in view of the recent representations made and the difficulties that have arisen between the purchasers and producers of cheese, if it is the intention of the government to suspend the regulations regarding the grading of cheese.

Hon. Mr. MOTHERWELL: It is not our intention to suspend the regulations.

THE BUDGET

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

The House resumed from Wednesday, May 14, the debate on the motion of Hon. J. A. Robb (Acting 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. Woodsworth.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, I have made some references to the stand of hon. gentlemen opposite who are known to favour the protective system but who support the budget because they feel that there is no serious immediate blow aimed at their constituencies, and that they can afford to sacrifice something of the fundamental interest of the country for the sake of votes on division in this House. I had not completed the number, but I am sure hon. gentlemen everywhere know that the vast majority of those who on the other side support the sacrifices of industrial interests as embraced in this budget would never support them if they affected the immediate constituencies from which they come. I do not think anything could make clearer how utterly without principle, as described by the member for North Waterloo (Mr. Euler) this budget is

I desire to refer, but very briefly, to some remarks the hon. member for Springfield (Mr. Hoey) made yesterday. He is fond of historic lore, and called to his assistance various authorities and raised some objection to quotations which had been made supposedly from the great Abraham Lincoln

The whole point he was discussing, as I got it, was as to whether some particular way of stating the case for protection had been adopted by Lincoln. Well perhaps the quotation used was the way Lincoln stated it, perhaps it was not, I am not going to climb the archaeological tree to find out; it is sufficient for me to know that Lincoln supported protection, I am not particularly interested in just how he put the case.

Mr. HOEY: The quotation was often used in the campaign of the right hon. gentleman.

Mr. MEIGHEN: No doubt there were many who attributed it to Lincoln, and I notice that all those who did not were opposed to protection themselves. But it is much more important to have the authority of a man like Lincoln, a man of intense patriotism, of deep human sympathies and of great practical wisdom—better far to have his authority from the practice of his life than to have the exact phraseology in which he defended his belief. We used to hear for many years—usually from the former hon. member for Red Deer, Mr. Clark, the opinions also of John Stuart Mill. The case is now taken up by the member for Springfield, and he protests against any inference that John Stuart Mill would support a protective policy in America for any period longer than twenty years after the time he lived. Well, I join with the hon. member in respect for the names of great thinkers and philosophers, of the past. As for Mill I certainly would have regard for his opinion as respects an economic question, as to what principle should be applied to conditions as he saw them and was able to study them. But when it comes to asking me to accept the opinion of Mill as to what would be right as applied to conditions a quarter of a century, or a century afterwards, the draft on my veneration is too heavy.

Mr. HOEY: Does the hon. member know that I was simply replying to an argument of one of his own members.

Mr. MEIGHEN: He was referring to what an hon. member had said, that Mill, observing conditions in America as he did would favour, or at least would not object to, a protective system there. I say I respect Mills' opinion as applied to conditions within his knowledge, but when he speaks of what would suit conditions away in the future, I must be permitted to appeal from the predictions of the last century to the facts of to-day.

The hon. member quoted a letter from a former member of this House, a most respected man, actually proving that we have some industries running in Canada yet. I do not know that any one disputes the fact. We have, as respects most industries in this Dominion, a protective system yet. We have a more or less serious invasion now, a tendency and a constant threatening and warning which does infinite harm;—but we have industries yet. I made inquiries as to those woollen factories to which the hon. gentleman referred, and, my information is that the product of one or both, is a particular line of material as respects which there is no serious, if any, competition from the Old World. These also have some protection.

Mr. HOEY: That would not apply to cream separators which I quoted.

Mr. MEIGHEN: No, not to a cream separator. The hon. gentleman turns the cream separator handle year after year. But there is something worthy of remark in this connection as well. Do not rely too much on the cream separator when you are managing a Dominion. It happens to be a specially intricate mechanism the manufacture of which depends on special patents, and thereby enjoys protection of another kind which renders it not so necessary to have the regular rule apply. But I want to tell the hon. member that, from the mouth of the manufacturer himself, I have been frequently told that the difference between the cost of manufacture of a free trade cream separator and the price the farmer pays is bigger than it is in respect of any implements protected by the tariff to-day. He mentioned also one or two factories which had closed, and criticised their management. He did not like the salaries that had been paid. I did not gather very fully just what he was trying to show, but I did gather this; that the man who drew the salary also had a very considerable stock interest, and I would imagine if it were possible for him to continue the business and save his stock he would likely do so. He evidently found it was an impossibility. I never before heard his capacity as a business man impugned. Indeed in other industries he has been successful. According to the hon. member, the business failed, not because of lack of business, but because of lack of money. This is usually the cause of most businesses failing.

Reviewing some other remarks of the hon. member, I was rather astonished to find that he followed a very bad precedent in respect of immigration figures. He has placed on Hansard now the figures of the migration from Canada to the United States, as reported by the Immigration Department of Washing-

ton, reading the figures for "1911" and each year down to "1923", but on inquiry I find his years all end with June.

Mr. HOEY: The fiscal year.

Mr. MEIGHEN: Yes, and in that way he escapes the disastrous months between July and December of 1923. I do not know why these figures should be concealed from the House.

Mr. HOEY: I tried to obtain them, but was unable to do so. I was very moderate. I did not state that these figures included the British possessions of North America, including Newfoundland.

Mr. MEIGHEN: I do not know where Newfoundland gets into this.

Mr. HOEY: But the figures for Newfoundland are included. The figures are given for British North America.

Mr. MEIGHEN: For Newfoundland?

Mr. HOEY: For British North America.

Mr. MEIGHEN: If the hon. gentleman takes very much comfort out of that he is welcome to it. How many would go from Newfoundland? But why did he not give the figures up-to-date? I got them up to the present time. I got them two months ago as nearly up-to-date as the figures of two months ago would permit, and my figures now date to the end of March. The figure I gave the House from memory yesterday was correct, which was 181,973 for the full 1923 year. For the 12 months ending 31st March last, the total was 200,816, and these only embrace those who go across and pay the $8 head tax, who report themselves as intending to stay, or from whom the money is collected in case they do stay. Everyone knows, unfortunately, that they do not include a very large number indeed who flit across the line. We do not rejoice in these figures, but it is better to have the actual facts.

Mr. HOEY: Will the right hon. member give the House the number of American citizens who have come to Canada in the same period?

Mr. MEIGHEN: The hon. gentleman gave them for one year, I did not check them up. He said some 22,000, but when you find 200,000 going out, it is hard to rejoice evermore over 22,000 coming back. The hon. member referred to a slump in the figures of emigration for 1922, which he ascribed to the fact that all the country knew a Liberal government was returned to power. Those figures for 1922—July 1, 1921 to July 1, 1922—were half during the period of the previous government; and the half during the period of the government before were materially less than the half during the period of the present government. But, imagine the theory of the hon. gentleman. Take for example, the woollen industry: From an actual specific census it has been learned—and all could not possibly be traced—that on account of mills closing down enough employees had gone to the United States to total more than ten per cent of all employed to-day. The hon. member's theory is that the reason these people went to the United States was that there was not enough Liberal policy in effect; in a word, the reason they went to the States and the reason the mills closed to make them go, was that they had too much protection. Any mind that can follow a sinuosity of that kind deserves the highest commendation.

Referring to the woollen mills, these were attacked in the tariff two years ago, but not very heavily. The tariff at the time was low. The reduction was 2½ per cent on most lines of goods, and on certain small lines some 5 per cent on the British preference schedule was taken away. A year ago, on all commodities enjoying 15 per cent, 10 per cent more of the duty was taken away. Following this there was an immediate influx of Old World goods, supplanting goods made in this country, an influx which, in the case of tweeds, overcoats, flannels, and serges, doubled in 1923 the importations of 1921. For the eighteeen months before the 1922 budget these importations totalled $11,000,000, and for the eighteen months succeeding totalled $18,500,000. The increase displaced goods made in Canada. All this meant men out of work who otherwise might have been employed. All this meant emigration, and I wonder who got any benefit in this country. Hon. gentlemen may think: "Well, every time you take off a duty, there is a saving to the consumer; you save just the amount of the duty." It cannot be denied that, particularly at the beginning, in some cases a slightly higher price would result from a duty. But that it is universal, is entirely untrue; that it is general and continuous, is entirely untrue. I have before me figures to show this, in relation to industries which to-day enjoy a protection of 30, 35 and 37½ per cent, goods which are selling throughout the length and breadth of Canada manufactured, wholesale and retail, at the same prices as across the line, goods of ordinary consumption, goods representing millions and millions of dollars' worth of the consumption, of the people. The reason is this: The makers in Canada enjoy the Canadian market, and being certain of a stabilized

Canadian market, they are able to produce on a comparable scale with their competitors and can put the goods on the market in Canada at the same price as in another land. Why, in respect even of implements, if he will read the official, the undeniably correct, statements of those who have manufactured them—I refer to that of Mr. Thomas Findlay in particular—he will find that, those countries which had those industries protected had enjoyed far lower prices for their implements to the consumer than those countries which had no tariff at all. This applied, not in individual countries alone, but everywhere, with the consequence, at least in some, that now they have erected a forty to fifty per cent tariff and are encouraging and actually succeeding in making the goods at home. They will thus arrive at a price comparable with that prevailing in those countries which have built up their industries under a protective system.

I will again illustrate my point. I do so with facts given to the government by those immediately concerned. I ask the government to correct me if any of the facts I relate are wrong. I give, by way of illustration, the glass industry as some time ago established in this Dominion. A factory was constructed during the years 1918, 1919 and 1920, at Hamilton, capable of producing some 20,000,000 square feet per annum, or about two-thirds of the consumption of Canada. In that industry some $2,000,000 was invested. It went into operation. At the time the venture was launched there was in this country a protective duty which averaged approximately 18½ per cent, that is to say, 18½ per cent on the assumption that the Belgian franc was at par or nearly par. Three hundred employees were engaged in the work of producing glass; some 300 or more were likewise employed in the production of raw material, silica and the like, and some 69,000 tons of freight came to our railways chiefly in the carriage of raw material which, ordinarily speaking, volumes in freight about ten times what the finished product does. These were the immediate advantages to this Dominion. Over in Belgium the glass industry has reached its greatest development. There, the industries are connected by a mutuality, and they virtually decide what, in their own best interest, is the price that should be quoted to other countries. When our industry got under way, the Belgians reduced the price to Canada to 40 per cent discount; and, with the 40 per cent discount and the disadvantage of exchange, levelling our duty to a very small fraction, the Canadian industry was crippled. Being denied the slightest assistance from this government, it was compelled to close its doors. Well, you say, we at least got the glass 40 per cent cheaper. Yes, we did, until the industry closed its doors; but when the industry was out of business, then the 40 per cent discount was abandoned and 17½ per cent premium was put on instead, and the people of Canada had to pay for the glass and 17½ per cent premium as well. In a word, we are paying virtually what the duty would have been had it been imposed by the government, and the whole of it charged to the Canadian consumer, and we have lost the industry and wiped out $2,000,000 of investment.

Mr. CRERAR: When was the company started?

Mr. MEIGHEN: The building was completed, I understand, in 1920. I ask that these facts be impugned if in any degree they are wrong.

Mr. MACKENZIE KING: Did the industry to which my right hon. friend has referred not close its doors before this government came into office?

Mr. MEIGHEN: The submission made to the government stated that they closed their doors in May, 1923, after they had appealed in vain to this government to assist them with a duty. All the duty they asked was one-half cent per square foot up to 2½ cents, according to the standard, a duty which, ad valorem, would be—on the basis of only fifteen cents for the Belgian franc—18½ per cent, or about the duty which protects the industry in the United States. I wonder if hon. gentlemen feel that the refusal was wise. I wonder if they can read from this lesson just what would take place in respect of other industries if the same policy were followed. Even if the whole duty were added, to the price, it would amount to three dollars on a five thousand dollar house. This sum of three dollars, or say the half of it, or, perhaps, a quarter, or, perhaps, later on, none at all, which would be the addition to the price to the consumer in the case of glass—because we are at present paying the duty, only we are paying it to Belgium—decides in each single case whether a sum amounting to $100 or $200 stays in Canada or goes to swell the occupations and the population of another land.

The hon. member for Winnipeg (Mr. Hudson) came to the conclusion that we could not become a self contained country—he said no country could; In the absolute he is

right. No country, I presume, can become absolutely self-contained. Accordingly, as one would infer from his argument, there is no use trying. Let us stop all trying he says and whatever it is we need, let us buy it, no matter where. He based his claim on the contention that in western Canada we are not industrial, we are not going to be—and that because western Canada, therefore can not, as he said, get results from a protective tariff, it is not right that a protective system should prevail. Western Canada is more industrial that the hon. member is ready to admit. Western Canada has advantages which, with added population, and provided we have a fiscal system which permits it, will be the source of many industries as time goes on. I have in my hand a letter which illustrates the situation there as respects the rolling mill industry, and I will read only a paragraph. I have permission to read it. It illustrates, in much the same way as the glass industry, the case for a protective tariff. I am reading from a letter from the Manitoba Rolling Mill Company, Limited:

We are supplying most of the bars used in the prairie provinces east of Calgary.

I may say that since the reduction in the Belgian franc it is impossible now to get west of Calgary.

We are not making much margin on it because the competition is too keen, particularly from Belgium where wages are less than half what we pay and where their product is carried to Vancouver at present for $4 per ton. But we are keeping $1,000,000 a year right here in Manitoba that was formerly sent out of the country. We pay double as much for scrap as was formerly paid, before there was a rolling mill here. We use 15,000 tons of coal per year, mostly western coal; we pay $150,000 per year in freight, and we pay directly at our own plant about $425,000 per year in wages and salaries, in addition to indirect wages and salaries that are paid in another way, all of which formerly went out of the country. A very small reduction in the tariff would close this plant.

I pause to give the hon. member (Mr. Hudson) permission to say now whether he would support such a reduction as would close that splendid rolling mill plant in the city of Winnipeg. If he would not, why then does he support reductions which imperil plants here in eastern Canada and in British Columbia? Why has he supported reductions which already have destroyed plants in various parts of this country?

A very small reduction in the tariff would close this plant, but if an opportunity is allowed for it to grow it will eventually become a large industry, covering a considerable range of production, and be a permanent contribution to the wealth of the country, notwithstanding Mr. A. B. Hudson's hostile speeches and his enmity towards the industries in the West.

Mr. STEVENS: Not a word.

[Mr. Meighen.]

Mr. MEIGHEN: Now I am going to make a few remarks on the present changes. They embrace reductions on agricultural implements; reductions, however, far more serious in the case of those other manufactured products which enter into the construction of such implements; reductions as well in mining and logging machinery. There is a reduction in implements of some 4 per cent on the main items, 5 per cent on some others, and as high as even 10 per cent. Reductions are given however on what are called raw materials but what are really manufactured materials produced by other supplying plants. The importation of these materials is allowed virtually free, wholly free in so far as pig iron and steel are concerned, and almost free as respects all other commodities. Just what the effect is to be on the agricultural implement industry I do not undertake to say; time will tell. I do not presume that very great change is made as respects that single industry; but the penalty is heaped on others in order that hon. gentlemen to my left may be enticed.

Great comfort is taken by the Prime Minister out of a statement which has been issued by the Massey-Harris Company. The effect of that statement is that the company intend to carry on and try to adjust themselves to new conditions; immediately following its issue was a proclamation of the Prime Minister that Massey-Harris supported the contention of the government. Have hon. gentlemen carefully examined the Massey-Harris statement? I do not see anything very extraordinary in it.

The provisions of the budget which exempt farm implements from the sales tax are most welcome, and these combined with the lowering of customs duties on raw materials announced in the government's amendments, now enable the manufacturer to make an immediate reduction in his prices. So far as the Massey-Harris Company is concerned—and no doubt this applies to other implement companies—there will be passed on to the farmer in the way of reduced prices the complete saving effected in the remission of the sales tax—

Wonderful! They are not going to pay a sales tax to the government so they are good enough not to collect it from the farmer.

—and the lessened duties on raw material.

Whatever they save in that regard, they will not charge to the farmer. A previous paragraph asserts their intention of endeavouring to adjust themselves to new conditions. Well, this is the attitude of British people generally; this is the right attitude. Note that they promise no reduction in price because of the reduction of duties on their own product. But the men who are hit by this

tariff are the men who are supplying the other manufactured goods which the agricultural implement makers use. I wonder how hon. gentlemen to my left justify that. I wonder how they justify a reduction, for their own benefit especially, in any case. Were we not asked a year ago to vote for a resolution moved by the hon. member for Brandon (Mr. Forke) which not only declared a lack of confidence in the government, but declared also that the budget of that time was a protective budget? Were we not urged to support a resolution, which declared particularly against the stability which had been promised? This was supported by speeches the general purport of which was that the farmers did not want something specially for themselves, but wanted the necessaries of life reduced? They were not specially interested in implements the hon. member for Brandon said: No, it was a great principle they were contending for, the reduction of duties for everybody on the necessaries of life. And hon. gentlemen to my left had no confidence in the government at all because the government at that time would not concede these claims. Now, a year afterwards, when they have been given, as they believe, something for themselves, their enthusiasm is exuberant, their confidence in the government is restored. Now that they believe they have something which is to their own advantage, their confidence in the government is so great that they will not even vote for their own platform for fear the government will be displeased. This is about as illuminating an example of unselfishness as the House has ever witnessed.

I have been impugned because I will not now support a reduction in farm implements, and the honour has been done me by hon. gentlemen of quoting from a speech I made in 1911, in which I favoured a reduction on farm implements. The resolution which I moved at that time read:

> That this House is of opinion that a substantial reduction in the duties on farm implements is now due to argiculturists of Canada and is in strict accord with the true purpose of a protective tariff.

By the terms and principles of that resolution, and of the speech I made in support of it, I abide. But I wonder if there is any difference between the support of a reduction from a duty of 20 per cent and 25 per cent at a time when the industry was flourishing, when its profits were good, and a reduction now from a duty of 10 per cent and 15 per cent after several years of successive losses. If one favours a reduction from a level of 20 or 25 per cent, then to be consistent according to the logic of hon. gentlemen opposite, one has to keep right on reducing until he leaves no duty at all. Or, in a word, a physician called in to treat a patient for obesity, who prescribes until he brings him down to normal proportions, must be arraigned as inconsistent and indicted as an apostate unless he presses right on until he reduces his poor patient to a bloodless corpse. As respects the duty on implements, I do not depart from the principles I enunciated eleven years ago. Would that some other hon. members of this House could say the same! But I want to add in justice to myself that while the principles as there enunciated were right, and while the facts I there adduced were true to the very best of my power collection, nevertheless, to adapt language which I know will fall pleasantly on the ears of hon. gentlemen to my left, the language of Sir Robert Peel: I cannot withhold the homage that is due to the province of reason and of truth by denying that my opinions on the question have been matured by experience and by a close observation of Canadian affairs. At that time I did not give the weight I would give to-day to the importance of a large export trade in the keeping down of prices at home, to the importance of a large scale of production based on the security of home market and of large export trade—to maintain prices low in the country of origin.

I do not think any hon. member will say that we ought to give a special advantage to a foreign industry. But is that not done by this budget? You can reduce slightly—and hon. gentlemen themselves did in 1907—the amount of protection on specific things produced by an industry, but when you wipe it out altogether on a whole long line, robbing our industries of millions of dollars of business in this country, industries which pay a duty of 53 cents a ton on their coal, as high as 27½ per cent on the raw material which they have to import, and as well pay our corporation tax and submit to our general level of taxation—necessarily high—industries which on their plant had to pay duties—in one case alone amounting to $4,000,000—which their competitors across the line did not have to pay,—and which now have to pay interest on that money, when you place them in a position in their home market where their competitors get in without a single charge and take the home market from them, I want to know what you think of the fairness of the proposal. Yet this is what the budget has done. This is the price hon. gentlemen of the government have paid, this is the sacrifice to the Progressive gods in order to secure the party's vote. This applies right down the line. This is done not on the

basis of any principle; none is even suggested. Would anybody suggest a principle which justifies putting the steel industry, say, in such a position, or many other industries which are affected, and maintaining the duty on furniture at 30 per cent, or the duty on stoves at 25 per cent or on lawn mowers at 32½ per cent—can anybody suggest any principle for such a thing? I could go down the list of hundreds of articles and show that nothing else is the result of this wonderful budget.

Now, hon. gentlemen contend—I refer particularly to those to my left—that they are justified in supporting the budget. Why? Because last year stability was promised, and this year stability is destroyed. I should like these members to listen during the 4. p.m. speech of the Prime Minister while he proves to you that stability is still maintained. Don't they expect it? Don't they know that every man on the other side of the House who supports the budget will contend in his defence that stability is maintained? Of course hon. gentlemen to my left are right, there never was a more violent assault on stability, not in the last thirty years, than there is in this budget; nor has the effect of that assault ever been more immediate and more apparent. Imagine the government suggesting not a reduction of duty of 2½ per cent on certain lines of goods as made last year—that is tariff revision—but a tariff reduction of 10 per cent and 5 per cent and 4 per cent and the wiping out of the tariff on whole lines of goods, that is not tariff revision; that is tariff stability! You can have stability and still, as the Minister of Finance (Mr. Fielding) said last year, make necessary minor adjustments from time to time. But no rightly constituted mind would suggest that these are merely minor adjustments. These are substantial variations of the tariff, striking at certain vital and important industries of this Dominion. No, the promises of 1919 went by the board; but the promise of 1923 has gone by the board as well. The hon. member for Springfield (Mr. Hoey) who spoke yesterday said: Surely, surely though you believe in a protective tariff, you do not want it maintained at the price of perfidy, you do not want the government to break its solemn engagement of 1919?

Mr. HOEY: That is repudiating the mandate of the electors.

Mr. MEIGHEN: I am not so sure. Is the hon. gentleman quite sure that such was the mandate of the electors?

[Mr. Meighen.]

Mr. HOEY: I have not any doubt whatever.

Mr. MEIGHEN: I wish I could so easily be sure one way or the other. When you have three groups in a general election it is pretty hard to tell what the verdict of the electors is; and when besides you have the whole contest smeared with a cloudburst of misrepresentation it is still harder. Anyway, does the hon. member think that sixty-five members of this House who appealed to their constituents on the Laurier-Fielding tariff were elected to destroy that tariff? Does he think that the hon. member for Brantford (Mr. Raymond), who was elected on a platform which denounced us for reducing the duty on agricultural implements, was elected to reduce those duties still more? Does he think the hon. member for St. Antoine (Mr. Mitchell), who went before his constituents as a protectionist and who thus followed the example of his party leaders in the province of Quebec, the hon. member for St. Lawrence-St. George (Mr. Marler), who also followed the example of his party leaders, and who declares in this House that he had the solemn word of those leaders as his authority for that step—does the hon. gentleman mean to say that those members were elected to destroy the protective tariff?

Mr. HOEY: Hon. gentlemen always clap before they hear the full truth. If you deduct twelve members from the Liberal party, there is still an overwhelming majority in favour of the 1919 platform.

Mr. MEIGHEN: I would like the sixty-five, the whole membership from the province of Quebec, yes, and the Ontario membership to stand up and say—

Mr. CRERAR: Does that include the hon. member for Brome (Mr. McMaster)?

Mr. MEIGHEN: Oh, I think I had better exclude the hon. member for Brome. I congratulate the hon. member for Marquette (Mr. Crerar) on this one of the ninety and nine. Those who listened to the following masterpiece of tergiversation and evasion, I wonder what it was they voted for? These are the words of the present Prime Minister in describing his fidelity to the platform of 1919:

> What mariner putting out into unknown seas would start out without a compass to show him in what direction to go, would plunge straight ahead into a rock if he saw it there, simply because there was some other chart that pointed that way at the moment.

I will now give hon. gentlemen time to think out what that means. I have tried for weeks myself, and I do not know yet.

Who can tell what will be the condition we will have to deal with to-morrow? This platform was laid down two years ago. We had not then acquired these railway systems.

No, that is quite correct, and the Poincare government had not fallen. Each has an equal bearing on the point. He goes on:

They ought to be applauding me for saying I am not going to follow any letter that leads to destruction.

Did the voters who answered that appeal vote for the 1919 platform? Or again, an auditor puts the question:

You stated in the House in 1920, that you would stand all fours by the Liberal Convention's trade platform. Now you say it is only a chart.

A very pertinent question because in 1920 we had acquired the railway systems, when the present Prime Minister affirmed his fidelity to the platform of 1919. Here is the answer:

I stated my position—

I read you how he stated it.

If it is not intellibigle to you I am sorry. That is not my fault. Do you know the meaning of this passage in scripture, "It is the letter that killeth, but the spirit that maketh alive." It is in accordance with that teaching I propose to carry out the Liberal platform. No legitimate industry need fear anything that the Liberal party might do in power.

Mr. MACKENZIE KING: What is my hon. friend reading from?

Mr. MEIGHEN: I am reading a quotation from the Brantford Expositor, I think. It is quoted in another paper. There is another portion really worth reading too.

Mr. MACKENZIE KING: If it is as good as the last it will be very good.

Mr. MEIGHEN: That was very good, the Prime Minister says. It was. It was simply typical of the whole nature of his campaign. Here is another extract from his speech at Sherbrooke:

There is not a man in the Liberal party to-day who would think of doing injury by way of tariff to any industry carrying on a legitimate business and earning legitimate profits. We have no desire to hurt any industry. Why should we do so, especially at this time? Where men are trying to create monopolies against the interests of the country we will let in the light and make a change, but have no thought of making a change where business is being carried on honestly and decently.

Mr. MACKENZIE KING: What paper is that from?

Mr. MEIGHEN: It is a quotation from his speech as taken from the report of the Montreal Gazette. Does the hon. member dispute its accuracy?

Mr. MACKENZIE KING: No, but my hon. friend has not read the whole speech.

Mr. MEIGHEN: I hope I would not. I do not know whether in this case, but in others, I have no doubt that if I went on I would read exactly the opposite. That is why the Prime Minister finds himself in the position he is in, in this House now.

Mr. MACKENZIE KING: Perhaps my hon. friend would read to the House one quotation that is the opposite.

Mr. MEIGHEN: Well, I could read what the Prime Minister said in June 1920 in this parliament, when he read the platform of 1919 and declared as a matter of honour he was bound to abide by it.

Mr. MACKENZIE KING: Read it.

Mr. MEIGHEN: I read it here a year ago. Are we to infer that these industries as respects which changes are made, as respects which the whole protection in some cases is taken away, were not carried on legitimately? Were they earning more than a legitimate profit? I appeal to the Prime Minister to say, especially with respect to those who were not earning anything at all. I appeal now to the Minister of Labour (Mr. Murdock): Are the industries attacked by this budget, whose duties are reduced or taken away, industries which were not carried on decently or honestly, or are they industries which were earning an illegitimate profit? The Prime Minister to-day finds himself confronted by hon. gentlemen to my left, telling him that he went to the country on the 1919 platform, reading to him the terms of that platform, and declaring that he bound himself in parliament and on the stump to abide by it, declaring that he got his support upon it, and at the same time hon. gentlemen opposite rise one after the other and say: The Prime Minister assured me in my own town that no legitimate industry would be affected, assured me that no industry earning only a moderate profit would be touched, and on that assurance I became his candidate, and on that assurance I was elected." Is it any wonder I question what the verdict really was?

Let me read now a statement from a paper which supports hon. gentlemen to my left, the Farmers' Sun. I have here an extract from that paper, an editorial from its issue of March 15.

The elector who has no partisan bias will find it difficult to give admiration or sympathy to either the deserters or their deserted leader. What is now taking place is a natural result of the peculiarly dishonest campaign the Hon. W. L. Mackenzie King and his lieutenants waged in the last general election. In the low tariff Maritime provinces and in the West the Liberal tariff platform held the centre of the stage. In industrial Ontario the 1919 platform was dismissed as merely a chart, and promises given that no legitimate industry would be injured by a Liberal accession to power. Thus it was that while the party as a whole stood pledged to all-round tariff reduction, Liberal candidates, with Mr. King on the platform endorsing them, were bidding strongly for protectionist support. The present Premier was a party to this deception, and now that circumstances compel him to make important concessions to gain Progressive support, he is in no position to criticize his insurgent followers.

I wonder was that not a pretty fair statement of the position. It is very hard to tell what a verdict is under conditions of that kind. We hear now loud and long proclamations of the death knell of protection, while the Minister of Agriculture (Mr. Motherwell) stands and says: The issue now is clear; we are against, you are for protection.

Mr. MOTHERWELL: Hear, hear.

Mr. MEIGHEN: "Hear, hear," he says, but do you believe, Mr. Speaker, that when the test comes his colleagues will abide by that position? Do you believe they won't welsh just as they did in 1921? Don't you know that hon. gentlemen over there, not by the half dozen, but by the score—

Mr. FORKE: You forget that we can do it ourselves.

Mr. MEIGHEN: The hon. gentleman says he can do it himself. Let me finish my sentence and I will reply to him—they will go to the country with the words of the hon. member for the county of Quebec (Mr. Lavigueur), with the words of the hon. member from Charlevoix-Montmorency (Mr. Casgrain) who declared that the Minister of the Interior a single member of the government had no right to speak for the government—they will go to the country with these words on their lips, and consequently if they come back as Liberals at all they will come back by the protectionist vote. Now, the leader of the Progressive party says, "We will do it ourselves." Let me say frankly now in the face of hon. gentlemen to my left that while those across the way will welsh on the issue they—the Progressives—will welsh themselves. Yes, in the last election they did not stand true. In the last election down in the county of Cumberland their candidate ran on a platform of protection for the coal industry; outside of coal he did not care. In the last election the hon. member for South Waterloo (Mr. Elliott)—who sits among them, who votes with them, but who now has flinched at this budget—went to his constituents on a protectionist platform. He declared that we had to have a tariff commission in this country before whom manufacturers could go and if they needed protection they would get it. I do not know that hon. gentlemen to my left are very much entitled to boast of their superior position. All we want, all we ask is that the word of the Minister of Agriculture, the word of the Minister of the Interior, be accepted, and that we go squarely to the people of Canada on the protection issue.

It is contended in respect chiefly of our grain producers whose crop of wheat is largely—about half, I think—an export crop, that they have to sell their wheat in an export market and take the export price; that consequently in respect of that particular product, they cannot be protected—their price cannot be raised by a tariff and they argue accordingly that those wheat growers have no particular interest in the home market, that however large it gets it would not affect the price of their export products. I have some agreement with the statement of fact, and I have always contended that in respect of a product such as grain where there is a large export the price is naturally on the export level.

Yes I have some agreement with the statement of fact, but is it to be argued that because by its means you cannot raise the price of wheat, the home market is not of value to Canada, and is not of value even to the raiser of wheat in this country? The hon. member for Battleford (Mr. McConica) argues in this House that the home market is a myth. He has a very poor opinion of the home market and describes it in language of contempt. I venture to say that when he was in public life in Ohio he did not describe the home market of the United States as a myth or if he did it would not be much wonder he is now in Canada. In the first place the home market is of tremendous value to the rest of the country. As respects wheat, something that we export in very large quantities, I do not believe the home market could directly or very substantially affect its price. But have we no interest besides wheat? Have not the farmers of Canada, as respects a vast proportion of their products a vital interest in the home market? Besides the bringing to them purchasers for the great body of their products—the best market they possibly

can have, a market which consumes nearly all the production in a large class of cases—besides that I ask hon. gentlemen to my left has the farmer of this Dominion no interest in providing in Canada those industries which will enable his son, if he wants to leave the farm, to get work in his own country and not have to become an exile in another land? Even if we assume we cannot raise the price of his wheat that is no reason at all why we should bring about conditions as a result of which his son will necessarily have to travel away instead of establishing himself in our own country. By arguing to the contrary my hon. friends are creating a wrong impression entirely.

Mr. FORKE: The right hon. gentleman never starts anything right.

Mr. MEIGHEN: Where am I wrong in starting?

Mr. FORKE: You started by declaring that we do not want a home market and that we are against creating industries.

Mr. MEIGHEN: If the hon. gentleman wants a home market why does he discourage it in the way he is doing?

Mr. FORKE: I never discouraged it.

Mr. MEIGHEN: The hon. gentleman says he did not? His friend from Battleford called it a myth.

Mr. FORKE: No.

Mr. MEIGHEN: I leave it to the hon. member for Battleford, yes and many more of them to settle the matter with my hon. friend; I was referring to the language used by the hon. member for Battleford. The home market is a benefit to all classes in Canada. The home market is Canada.

I bring another point to the attention of hon. gentlemen to my left: How are we to discharge the debt of this Dominion, how are we to carry the burden of government in this country? Is it not of some importance that we should keep in this country the tens of thousands who are going to the United States? Every family here would be helping them to pay our taxation, and if they were here would be working for employers who would be contributing to the revenue of Canada. Hon. gentlemen say "Oh, just take these two, three, four, five dollars off our implements and then watch us pay taxes." Now, assume that the amount that is going to be saved, or rather reduced, by this tariff on implements is all going into their pockets.

Mr. FORKE: We never said that, you say it.

Mr. MEIGHEN: How are the taxes to be paid?

Mr. FORKE: By the people of this country.

Mr. MEIGHEN: But if the people go how are they to be in the country? The hon. gentleman is convinced?

Mr. FORKE: No, I am not.

Mr. MEIGHEN: To keep the people in the country is of just as much interest, and will be of as much immediate benefit to the farmers of the West as to any other class of the population. Imagine the effect of this slight reduction of duty! I venture to say not $300,000 in its entirety will be taken off farm implements. Add to that if you like the home consumption, if you still stick to it that your theory is right, and you have something like $700,000. Hon. gentlemen know that even if they had a law which brought the whole of this money into the treasury of Canada, if they gave it all to the Minister of Finance, it would not fill the hollow of his hand; it would not buy the kitchen of the Scribe hotel.

Mr. CRERAR: I wish to ask the right hon. member a question in order to be clear on his argument, which I have not been able to follow very closely, perhaps—my own judgment is that it is rather sinuous. Is he arguing that the exodus to the United States would be stopped if our tariffs in Canada were raised higher?

Mr. MEIGHEN: I think I made it very clear.

Mr. CRERAR: No, you did not.

Mr. MEIGHEN: I made it very clear that it was largely caused by the reductions already made.

Mr. CRERAR: My hon. friend is evading the question and I want an answer.

Mr. MEIGHEN: I will answer it, yes.

Mr. CRERAR: Very good.

Mr. MEIGHEN: I would not be opposing the reductions if I did not think they should not be made.

Mr. CRERAR: But you would raise it?

Mr. MEIGHEN: You have to raise it to get back to where it was.

Mr. CRERAR: I dislike very much interrupting my right hon. friend, but the exodus to the United States was started long before; in fact the figures he quoted in the debate on the Address showed that. Now he states he would raise the duties that have been lowered. Does he think the tariff as a whole is too low and would he raise it in order to stop the exodus?

Mr. MEIGHEN: If the hon. gentleman refers to every schedule and every article, I can answer him. It is safe to say that in my judgment many of the duties are plenty high enough, but the influence of this government upon others has been injurious.

Some hon. MEMBERS: Oh, oh.

Mr. MEIGHEN: What is the matter with hon. gentlemen? Every time they put their hands to the statute book they write sentences of idleness and expulsion against many people of this country. The hon. member for Marquette (Mr. Crerar) says there was emigration before. Certainly there was, and there will always be emigration; but when you find it increased nearly three times over from one month to another, and hold the high level throughout a whole year, it is a pretty serious matter to seriously minded men. And I fancy when you are able to trace the men thrown out of employment in factories as respects the products of which the duties were lowered, trace them into the States by the hundreds, you can find the reason they fell out of work and the reason they left the country.

I do not advocate a high protective tariff, but I advocate a tariff that is protective. I advocate a tariff that, being protective, is fairly and equitably protective, and not a gerrymandered system such as the government now presents.

Mr. GOULD: Is it not a fact that after 1920, when the right hon. gentleman was leading the government, we had the longest bread line ever known in the history of Canada?

Mr. MEIGHEN: No, it is not a fact by any means. In 1921 there was considerable unemployment. When you get 400,000 or 500,000 men coming back all at once from Europe where they had been fighting for their country, you will likely find considerable unemployment until these men are absorbed. I wonder what would be the condition if we had 400,000 or 500,000 of our sons journeying back to the Dominion at the present time! The reason we have not more unemployment to-day is the unfortunate reason that while the United States was enjoying a wave of prosperity denied to us, our men became absorbed in the republic.

Mr. GARDINER: Was there any unemployment in this country in the winter of 1913 and 1914?

Mr. MEIGHEN: There was some. I never hope to abolish unemployment absolutely, but I do not consider that a reason why we should not try. I do not hope that we can ever become a wholly self-contained country, but I believe in approximating to it with all the might we possess. I do not think we can ever have absolute stability, but that is no reason why we should be continually hacking at our tariff and placing our industries in peril.

As respects agriculture in Canada to-day, it suffers just as agriculture suffers the world over. Does any hon. member really believe that, with agriculture the world over producing grain crops by the hundreds of millions of bushels above the average production, and with the largest consuming continent twenty per cent below its average consumption, we can produce at once a healthy, wholesome agricultural condition by any fiscal system in the world? These conditions are world-wide. They obtain it is true in the United States in respect of the grain area. They obtain the world over, and they are suffering in some other countries even worse than we are here. But in Canada surely something can be done. In Canada our policy should be to endeavour to get, not only for manufacturers but for farmers, a preference within those markets which are the best for the whole Dominion. I have been in favour of a British preference all my life, but I want a British preference for which something is obtained. This was the purpose of the British preference as originally instituted. I can see no reason for a British preference or any other preference unless it is of benefit to the country which gives the preference. I believe in Canada standing up for her own interests in trade matters, and adopting a policy which will improve the business of this Dominion. I know of no other way to hold our own. We have hope, and there is reason to have hope, that we can accomplish something in this direction. If we make concerted effort throughout the whole Empire we can, I should think, get results. But if our representatives at the Imperial Conferences where these matters should be pressed, adopt an attitude of indifference and merely

support in cold formality, almost in silence, a preference resolution; if by their attitude they give British statesmen reason to believe, that the people of Canada have no interest in the British preference, I do not think we will get far. Let our statutes as well reflect the preference we look for, and let us ask for it and work for it in the interest of Canada and of the Empire as a whole. Let us look to Britain rather than to the south of us where we have always looked in vain, or where when there has been action it has not ultimately resulted well.

Encouragement should be given of every possible kind—and in every possible way to western agriculturalists toward perfecting a system of co-operative marketing. I would like to see such connection established between our western selling organizations and the great co-operative institutions of the Motherland as will help a preference to be established and trade beaween them developed. Then there would be an immense future for agriculture in Canada. I have always welcomed the efforts of western agriculture towards co-operative marketing. Indeed, I think the Wheat Board example given by the late administration had very much to do with the voluntary efforts of western agriculturists to-day. That example was set in the days when policies were carried through to success. Speaking to a concrete matter, I know of no reason why the Minister of Finance should deny to those efforts the meagre help of the money now in his hands, money which belongs to the farmers of the West—money contributed by them, which is not the money of the minister, money which is the property, strictly speaking, of those who sold the grain to the old Wheat Board. This money should be returned to them as their own property, as carefully and as accurately as may be possible. I know the minister's difficulties; I know it is impossible to give the money exactly to the men to whom it belongs; but because this is impossible is no reason why the closest approximation should not be made. The duty of the minister is so to divide the sum that it will reach the men to whom it belongs and give them every possible encouragement in the work upon which they are now engaged. These, along with the suggestions of a very practical character made by the hon. member for West Lambton (Mr. LeSueur), are the efforts which should be made on behalf of agriculture at this time.

I do not think we are doing enough in the way of outside representation to advance the sale of the farmer's products and I am sure we are not doing enough to secure to the farmer the advantage of the market of the Dominion which he has helped to build. Why, for example, should we, an agricultural country, be in the position of buying from the United States—that great industrial nation—$81,000,000 worth of farm products, and selling them only $51,000,000 worth?—These are imported in this quantity because our tariff is one-half to one-third of theirs, and the smaller figure is the extent of our export because they maintain a high duty against the products of our farms. Canadian farmers are absolutely entitled to a higher tariff against farm products from the south. Do not think I am arguing that this particularly is going to affect wheat; it will have an effect, as regards many and very important products of the farm. To secure better the home market of Canada would be of very great value to farmers, particularly in the central provinces of this Dominion.

We are asked: What has protection done? For four decades this country maintained resolutely a protective system—a tariff fashioned to the needs of Canada. Throughout those four decades we made solid and increasing progress, and we made it against great odds—against the handicap of a farther developed nation right along our side—a nation of our own tongue abounding in all those attractions that a spirited and diversified industry can supply, rich in every allurement that draws to itself the seeker of a home or the soldier of fortune.

Against this formidable rival with the like of which no other country ever had to contend we grew in stature and wealth. We multiplied our manufacturing production ten fold, me multiplied our mineral production seventeen fold, we multiplied our agricultural production ten times. We opened up a Western Empire and spread a net work of transport from ocean to ocean; We laid the foundations and erected the girders of a big well balanced country where millions of virile people could live and multiply and make their home. At the end of that period such was our strength that we stood unbowed beneath the economic weight of a war participation undreamed of as within our power. True we experienced through this time, in common with every country and concurrently with our neighbours on this continent those variations of industrial expansion incident to every land, cycles of exhilaration and relapse round which the peoples of the world press forward their uneven march. But at no time in those forty years did we fail to improve our position and at no time could we be contrasted unfavour-

ably with those other countries with whom we compare and with whom chiefly we compete. In 1921 we suffered with them reaction from the inflation of war. But we suffered no more than they. The numbers of our unemployed were indeed less by half proportioned to our population; the industrial disturbance was less severe.

Then came the period of tariff bombardment, tariff threatenings, trumpetings and the blowing of horns. Two parties contrived to control this House—or rather one party with two divisions and two names. The great body of the one and a small portion of the other believed in tariff destruction. The other portion who believed in a protective tariff was lulled into acquiescence by the prospect of a political triumph and by equivocal assurances of apostasy given by the Liberal leader. The Laurier-Fielding tariff was the banner held aloft in industrial Canada. The 1919 platform was the battle-cry down the concessions and through the prairie West. As was inevitable both groups of followers have been betrayed. We have not in Canada to-day either the one policy or the other. In fact we have no policy at all. We have had a process of tariff hacking, chipping and tinkering—in fidelity as declared by the honourable member for Waterloo—in fidelity to no principle whatever. We have had nothing but a bartering of tariff concessions on the auction block, the victim industry chosen every time with an eye to political support; with an ear tuned to the division bell. Every day this chamber has rung with denunciation of our fiscal system even from the ranks of the government, loud vauntings about the goal of free imports, threatenings and slaughter breathed out by three ministers in succession—stability promised a year ago, the death-knell of protection to-day. This is the melancholy record of two and one-half years of power.

What would honourable gentlemen expect? —I appeal to the business men of this House—what would you expect would be the consequence on industry? There is alarm, there is dismay, there is a stoppage of expansion; there is depression. The United States strengthened their tariff defences three years ago and sprang forward after '21. They have enjoyed a wave of prosperity the most abundant in their history, not universal but almost universal in its sweep. For the first time we have failed to share even a reflex of that prosperity. The industries which this government has attacked have languished. Speaking generally those only have prospered who have engaged in selling our crops which fortunately have been heavy and in selling our natural resources and those dependent on them. To-day every member of this House knows that the feeling through Canada is anything but wholesome or hopeful. The barometer of migration is ominous. From the city, from the town, from the factory, from the farm, the procession is distressing. A year ago its volume suddenly rose to three times its normal dimensions. And still they go. Their numbers may diminish with the saturation of the United States—but are we making work for them in Canada? We are circumscribing the area of employment every day. The inevitable consequences are upon us. Capital alarmed, business harassed, production dislocated, agriculture unassisted, labour contracted, tens of thousands of our children exiled, the debt heavier, taxation multiplied, the budget juggled, these are the reapings of thirty months of this government, the cruel cost to date of its brief and inglorious career.

What this country needs the bitter lesson of experience is teaching now as never before. First and fundamentally Canada needs a protective policy consistently and unflinchingly pursued. Canada needs a fearlessly Canadian policy—a national policy in the sense that Macdonald conceived it, in the sense that Laurier maintained it. Long enough have we trifled with this thing: long enough have we flirted with theories suited only to a non-existent world to a world where all conditions are alike, all production on equal scale, all labour of equal standard, all markets open, all currencies at par, or suited at best to a country the very antithesis of our own. The time is coming now to settle this question, and to settle it for good. A right fiscal policy is vital to any country; it is a thousand times vital to Canada. For our part we welcome the issue. Almost anything would be better than what we have now. We are in a condition of anxious enervating suspense, industry crouching under a sword tossed between two leaders in this House, a state of perpetual premonition, a sort of endless thunder and lightning betokening a destructive storm. The Conservative party is for protection —for the farm, the mine, the factory, the whole of Canada. To those of other parties in this House I say, you are either for protection or against it. If you are against protection say so and draw your sword against it. Do not talk about tolerating it or palliating it;—if it is wrong, get rid of it and the sooner the better. On the other hand, if you are for protection stand up and say so and join the ranks of its defenders. Do not camouflage your colours by talking

about a revenue tariff when you mean a tariff on goods made in Canada. Do not camouflage your colours by talking of a Laurier tariff or a Fielding tariff, or a tariff for the home or any of that meaningless humbug. Protection is protection, no matter what you call it; it is a tariff on Canadian-made goods; it does not matter what you call it. Do not flinch the issue; do not confuse the issue. Let its friends give battle to its foes. Let us have a clean, clear fight and a definite verdict and let this Dominion get on its way once more.

This country needs, yes this country must, if she is going to carry on, take to herself for her own good all the advantages she possesses. She must assert fearlessly in her law and her administration, not in any spirit of retaliation but in a spirit of self-reliance, her faith in her own resources, her unalterable determination to get for her people the full finished harvest of those resources. In tariff, in internal organization, in diplomacy, this great purpose has become more and more the guiding star of policy in other countries of the world; especially has it become more and more the fixed policy of the United States, and will be for years to come, as every one of us knows with only temporary variations. And even if every other country abandoned this course—an impossible presumption— even if they did and the United States alone persisted, this Dominion would still have to pursue it and pursue it unswervingly if we are going to sustain the contest. We must keep work in Canada if we want to keep workers in Canada.

To this great end we need every day of every year to encourage our people, east, west and centre, by our own speeches, through the press, by our conduct in parliament, to think in terms of the whole Dominion and to understand that only when they are doing so are they in reality thinking out what is best for themselves. The tariff above everything else is a matter for the nation, it is a question of national policy. The habit of thinking in sections on this subject and carelessly assuming that the loss of one is the gain of another—that habit is pernicious and disintegrating. The loss of one is the loss of all.

Mr. MORRISON: Has the right hon. member spoken that way in Montreal?

Mr. MEIGHEN: In Montreal, in Toronto and wherever else I have spoken.

Mr. MORRISON: We have not heard the hon. member speak that way in the West.

Mr. MEIGHEN: The hon. gentleman does not attend my speeches there very much. This question broadly understood is not a question of adjusting a balance as between Saskatchewan and Ontario, or between Manitoba and Quebec. It is not a question of Montreal as against Saltcoats, of Toronto as against Pipestone, of Halifax as against Miramichi. It is a question of Montreal as against New York, of Sydney as against Pittsburg, of Hamilton and Toronto and Kitchener as against Buffalo, and Chicago and Detroit, of British Columbia as against the Pacific States, it is a question above all of Canada as against her rivals.

The call of this hour, an imperative, appealing call is for Canadians to think together and never to forget that Canada is one.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I desire to join with all who have spoken on this side of the House, as with most of those who have spoken on the other side, in expressing the regret which I think we all feel at the circumstances which have prevented our venerable Minister of Finance (Mr. Fielding) from being present at this session to discharge a duty to which he had looked forward with keen expectancy. Had Mr. Fielding been able to present the budget to the House it would have been his seventeenth budget. Although the right hon. the Minister of Finance has not been able to attend parliament this session, he has been following with the keenest and closest interest, the discussions which have been taking place. On each occasion on which I have had the opportunity and the privilege of seeing him—and that has been frequently—since his return from the South, the Minister of Finance has expressed to me the wish, should any of his colleagues desire it, that he should be permitted to come here on the evening of the division, notwithstanding the advice of his physicians, in order to show to the House and the country that he stands four-square by the side of the Acting Minister of Finance in the budget which has been brought down. In his absence, I wish to make it clear to the House that such is the desire and the wish of the Minister of Finance.

May I congratulate the Acting Minister of Finance (Mr. Robb) not only on the budget he has brought down but also on his having brought it down at the early stage of the session at which it was introduced.

Despite the remarks of my right hon. friend (Mr. Meighen) and some of his supporters. I think the acting minister should feel deeply gratified at having brought down a

budget which has met with general approval throughout the length and breadth of this Dominion, and has given fresh hope and heart to the people of our country.

We did not expect that my right hon. friend would become very enthusiastic over this budget. When we assembled at the beginning of the present session, the public had been led to believe that the country would again be confronted with a further increase of the public debt, with a deficit resulting from an excess of expenditures over receipts, with a contraction of commerce and trade, and possibly with an announcement of the need for increased taxation. The unfounded and irresponsible attacks made upon the administration in these particulars by the leader of the opposition and his detractions and misrepresentations in the course of his mournful pilgrimages through western and eastern Canada had, it must be admitted, given rise to doubt and created apprehension. I need not enumerate the circumstances which combined to make it difficult, if not impossible, for my colleagues and myself to attend to our many public duties and also find the time necessary to follow my right hon. friend everywhere in a refutation of these erroneous impressions. We knew that the facts were otherwise. We knew that as soon as parliament met the truth would become immediately apparent, and we were content to wait.

As hon. members well know, we had not to wait very long. The Speech from the Throne had no sooner been delivered than the public learned it had been deceived by the leader of the opposition with respect to the addition to the public debt; to deficits resulting from excess of expenditures over receipts; as to the condition of trade and the probability of increased taxation. They discovered that in each of these particulars the truth was the reverse—that the public debt for the first time in a decade has been diminished, not increased; that a surplus of receipts over expenditures would in all probability be announced; that trade, instead of having diminished, had vastly expanded and what was most gratifying of all, that taxation instead of being increased would be substantially reduced; all of which expectations have now been realized as disclosed in the financial statement of the Acting Minister of Finance.

In a word, my right hon. friend finds himself very much at sea, and is now endeavouring to restore the impressions which prior to the assembling of parliament he sought so assiduously to create. This afternoon he endeavoured to make it appear that as a result of representations made in the last general election a sort of nemesis was overtaking the government, and he drew from the papers he had in hand a copy of the Farmer's Sun from which he read an editorial setting forth, according to his statement, the view that there were divisions in the ranks of the Liberal party, and that this was a punishment for its sins. In this connection let me read to the House an editorial from the Farmer's Sun of April 12, 1924. My right hon. friend did not read this editorial. He has a way of picking and choosing here and there whatever suits his purpose; he does not try to place all the facts before the House, but prefers to give a partisan, partial statement of a kind that will the better serve his ends. In brief, he carefully avoids anything that will bring out the truth, the whole truth and nothing but the truth. As I say, this is characteristic of my right hon. friend's method. It will be all the more apparent to hon. members on listening to the following editorial from the Sun, which I think he should have read when he presumed to draw deductions from the editorial which he presented a few minutes ago. This is an editorial which appeared in the Farmer's Sun of April 12, 1924:

5 p.m.

A Commendable Budget

The full measure of the benefit to be conferred upon the primary industries of this country by the tariff and tax reduction proposals submitted to the House of Commons by Hon. J. A. Robb on Thursday cannot be estimated until they are considered in detail, but it is apparent, even upon a cursory examination, that Premier King and his colleagues have made a sincere effort to carry out, within practicable limits, some of the pledges given to the electorate by the Liberal party in 1919. It is equally apparent that Mr. King has merited the support which Mr. Robert Forke, on behalf of the Progressive group, intimated, at the opening of the session, would be given to the governmnt, providing it brought forward progressive measures. Ever since the Speech from the Throne announced the intention of the government to lift some of the burden upon the instruments of production, Premier King has had to withstand tremendous pressure, not only from interests likely to be affected by tariff reductions, but from within his own party. This pressure, it was feared, would cause the government to whittle down its tariff relief proposals. In fact, so general did the impression become that the government's proposals would be of little importance, that The Montreal Gazette a day or two ago interpreted a statement of the Minister of Finance as an assurance that relief would be given by tax reductions rather than tariff changes.

Mr. King seems to have yielded little to protectionist urging, and the new budget will certainly be fought to the bitter end by Hon. Arthur Meighen and his colleagues. There are protectionist Liberals who will leave the ranks and join him, but these desertions will not be serious enough to hinder the adoption of the proposals.

Nothing could be truer, Mr. Speaker, than that the proposals will be adopted.

Mr. MEIGHEN: My right hon. friend believes in always reading everything. I

have another editorial here dated April 6, from the same paper, headed: The Wobbling Mr. King.

Mr. MACKENZIE KING: The editorial my right hon. friend directs my attention to opens in this vein:

> Just where Mackenzie King is going to land finally in matters of tariff policy will not be known until the budget is brought down the middle of this month.

That was April 5. The editorial I read appeared on April 12.

Mr. MEIGHEN: This is April 5—several days after the budget was brought down.

Mr. MACKENZIE KING: The budget was not brought down till April 10th. My right hon. friend, when it comes to a recital of matters on which he wishes to score a point, has a genius for a sort of political thimble-rigging. I do not think the country could have a better example of his method of procedure in public affairs than that which he has exhibited at the moment. The truth is he cannot get over the fact that "this government"—as he continually says—"this government" has succeeded in bringing about a condition of greater national prosperity, has succeeded in having a surplus instead of a deficit, has placed on the records of this country in its statistical tables figures which cannot be questioned as to the expansion of trade, and has reduced taxation; these are things, that irritate his feelings and cause him very often to lose his better judgment and in his one desire to discredit the ministry, to indulge in extreme language and misrepresent the condition of the country.

May I say, Mr. Speaker, that while the constitution fixes five years as the term of parliament, although half of that term has not yet elapsed, the country has had presented to it the third budget of this administration, and each budget has shown a progressively improved condition not only as respects reduction of the public debt but also as respects reduction of expenditure, reduction of taxation and increase of revenue and expanding trade. In short, in all the essential features of our national economy there has been steady and marked improvement. That is the most convincing and gratifying evidence the country can have as to how its affairs are being administered by the present government.

Let me take first of all the public debt. During the period of the war and demobilization there had been, year by year, gigantic increases to our public debt. They did not cease even with the period of demobilization. The war ended November, 1918. I shall say nothing of the additions of the fiscal year 1918-19, nor of the fiscal year 1919-20. It might have been expected, however, that the fiscal years 1920-21 and 1921-22 would have seen an end to the additions to our public debt. On the contrary, however, the public debt continued to increase. In the fiscal year 1920-21, the debt increased by the sum of $92,010,360. The next year, 1921-22, which represented nine months of office of my hon. friend and his friends, indicated an addition to the public debt of $81,000,000 or over. As I said, speaking on this matter in the debate on the Address, had it not been for the fact that the present administration was in office three months of that fiscal year the chances are the increase in the public debt for 1921-22 would have been as high as the previous year—$91,000,000 instead of $81,000,000. The year following, this government had to meet a vast number of obligations which had been left by the previous administration. In the matter of preparing our budget we were not free. We had to meet these obligations, many of which were uncontrollable in their character, and as a result we were unable at the end of the first year of office to do more than show a very material reduction in the increase which had been made to the public debt in the previous years. Instead of the public debt showing an increase of $91,000,000 as in 1920-21, or $81,000,000 as in 1921-22, the increase had fallen to something like $30,000,000, odd, a decrease of $50,000,000 as against the preceding year.

Coming now to this year, which is the first in which the government has really had some show in the matter, we find that instead of adding to the public debt $30,000,000, as was the case at the end of the last fiscal year, we are now able to speak, and speak honestly, of a surplus amounting to over $30,000,000 on the last year's business.

My right hon. friend has tried to make out that in some way that surplus is not genuine, that because the government guaranteed loans for the National Railways, to the extent of $50,000,000 that amount should have been included in the public debt. All I can say, Mr. Speaker, is this, that in this matter, as in most matters of administration, the government had the officers of the Finance department follow precisely the same methods as had been followed by the previous administration. My hon. friend the Acting Minister of Finance (Mr. Robb) when he brought to the cabinet the statement which he brought to parliament, intimated to his colleagues that these were the figures which had been given to him by the officers of the Finance department, that they were taken from the

books of the Finance department, and that they were made up in exactly the same manner as records of previous years had been made up. My hon. friend the ex-Minister of Finance (Sir Henry Drayton) in 1920-21 guaranteed a loan of $50,000,000, $25,000,000 to the Canadian Northern and $25,000,000 to the Grand Trunk. That was not included in the public debt. The following year my hon. friend made another guaranteed loan.

Sir HENRY DRAYTON: Will my hon. friend permit a question? Does he recognize the difference between a refunding issue and other issues?

Mr. MACKENZIE KING: If my hon. friend will permit me, I will come to that.

Sir HENRY DRAYTON: I would point out that while my hon. friend will find that there is some $12,500,000, it may possibly be $14,000,000—

Mr. ARCHAMBAULT: Better sit down and learn your lesson.

Sir HENRY DRAYTON—which was not refunded out of the total of these loans, during the year out of current cash we refunded over $15,000,000, $29,000,000 altogether being the amount.

Mr. GRAHAM: It was not added to the public debt just the same.

Mr. MEIGHEN: Yes, it was.

Mr. MACKENZIE KING: It was not. In the following year my hon. friend guaranteed a loan of $50,000,000, $25,000,000 to the Canadian Northern and $25,000,000 to the Grand Trunk. In speaking yesterday, the right hon. leader of the opposition tried to convey the same impression which his former Minister of Finance has sought to convey, that in some way the loan with which he had to do was concerned wholly with refunding operations, and that therefore there was a reason why when this government dealt with the matter it should deal with it in a different way. Well, I happen to have in my hand, Mr. Speaker, a statement secured from the books of the Finance department, showing how the guaranteed bond issues were dealt with, and I find that my hon. friend the ex-Minister of Finance did not segregate the different accounts on which the moneys were paid out, but some were paid out for one purpose and some for another. First of all out of this guaranteed loan, some $5,000,000 was allowed on operating deficits of the Canadian Northern, and to the Grand Trunk a sum of $1,095,000 for the same purpose; for interest and sinking funds there was allowed to the Canadian Northern the sum of $8,907,907, and to the Grand Trunk the sum of $5,216,175.

Mr. MEIGHEN: I stated all that.

Mr. MACKENZIE KING: No, my hon. friend did not state it.

Mr. MEIGHEN: I gave the total.

Mr. MACKENZIE KING: I challenge my hon. friend—

Mr. MEIGHEN: I stated the total was about $14,500,000 or $15,000,000, but I stated that so long as the total amount guaranteed by bond did not exceed the total amount refunded, there was no need to add to the debt. And it did not exceed it; indeed, the refunding was greater by $15,000,000 in our time.

Mr. MACKENZIE KING: I should like to give the balance of these figures: For acquisition of property, materials and supplies there was allowed the Canadian Northern $5,172,807.

Mr. MEIGHEN: Out of what?

Mr. MACKENZIE KING: Out of the $25,000,000 guaranteed bond issue.

Mr. MEIGHEN: I have a statement to the contrary.

Mr. MACKENZIE KING: These are the figures given by the Finance department; they are taken from the books of the Finance department. On that same account there was allowed to the Grand Trunk $5,157,402; for construction, and betterments for the Canadian Northern $2,725,784.

Mr. MEIGHEN: Is that 1921 or 1920?

Mr. MACKENZIE KING: The 1921 loan.

Mr. MEIGHEN: I have a statement here from the annual reports of the Canadian National Railways, as follows:

> During the year an issue of $25,000,000 Canadian Northern, 6½ per cent, twenty-five year sinking fund bonds guaranteed by the Dominion were sold in New York in payment of advances by the Dominion Government.

That is refunding.

Mr. MACKENZIE KING: I submit in a matter of this kind, if there is any difference of view as to which is correct or not, that I am justified in appealing to the books of the Finance department in the statement I give to the House. This statement has been given to me by the officers of the Department of Finance, and will be substantiated by them. Of that total of $50,000,000, $4,421,663 went for the Canadian Northern to meet principal of maturing loans, and $11,717,596 to the Grand Trunk.

Sir HENRY DRAYTON: Is that 1921?

Mr. MACKENZIE KING: Yes. I think this proves what I have just said, that my hon. friends opposite in presenting their statement to parliament did not place in the columns which relate to the public debt of this country the guarantees made to the railway companies. I would submit further that while my hon. friends opposite might well have included those guarantees as additions to the public debt, because the railroads at that time were in a state of bankruptcy, and what they were doing was to meet the bankrupt condition of the roads, since the present administration has come into office a change has taken place in the position of the national railways under the management of Sir Henry Thornton and his board of directors—a condition which justifies the government in feeling that these roads are entitled to have some guarantees given for what they need in the way of betterment and equipment without the amounts being added to the public debt.

There is reason to expect that with the business of the railroads progressing as it has progressed within the last year or two, it will be only a very short time before the National system will return dividends to the people of Canada. In 1921 there was a deficit on net operating expenses on the National system of $11,848,000. In 1922 there was a surplus of $2,886,711. In 1923 the net operating revenue was $20,236,000. During the past twelve months, if we take the period for which we have a record now, up to February 1924, the net operating revenue amounted to $23,768,000, and the president has stated that for the year 1924 he believes the net operating revenue will equal $30,000,000, and that in two more years the system will cease to be a burden to the taxpayers. Now, that was justification, if justification were needed, for our not including as additions to the public debt such guarantees as these we have made.

May I add further that with respect to Dominion government accounts it has not been customary—not only during the last couple of years when hon. gentlemen opposite were in office, but running back for the last twenty-five years or more—to include as additions to the public debt guarantees of such a character. From 1896 to 1911 guarantees were made to the extent of $124,000,000, not a cent of which was added to the public debt of the country. Between 1911 and 1921 guarantees were made to the extent of $170,000,000, not one cent of which was added to the public debt. Why then should this government ask the officers of the Department of Finance, in the preparation of statements for parliament, to change the method of bookkeeping and of presentation and give to parliament something entirely different from the methods adopted in previous years.

Mr. MANION: Were not the guarantees between 1896 and 1911 guarantees for private corporations where the corporations were paying the interest?

Mr. GRAHAM: And they did not pay.

Mr. MANION: They paid some.

Mr. MACKENZIE KING: In regard to these guaranteed railway loans I think it is a fact that not a dollar of the money raised was placed in the federal treasury; there was a trust account made out to the railroad. That account is kept entirely separate from the government accounts and has always been kept in that way. Hon. gentlemen opposite have spoken about refunding, and I think the leader of the opposition said yesterday that "there was refunding and refunding." Well, if hon. members had time to go over the transactions they would find that a good deal of the refunding which my right hon. friend did in his day was to meet temporary loans that had been issued in order to meet deficits of the railway which was in a bankrupt state. That kind of refunding I think ought to find a place in the additions to the public debt. But every dollar which the railways have had of the money which has been issued under the guarantees of the present government has gone into construction and equipment to make these roads better revenue payers than they are at the present time. So we say, Mr. Speaker, that our accounts have been made up in a regular and proper manner.

More than that, not only does the federal government follow this method, but the provicial governments do not include in their additions to the public debt like guarantees made by them. The Ontario government have guaranteed forty-two millions to the Hydro-Electric Power Commission, and these amounts are not included as additions to the public debt.

Mr. MEIGHEN: Are not these active assets? Does not the Hydro-Electric pay its interest?

Mr. MACKENZIE KING: In the case of our guarantees we have reason to believe the National Railway system will pay the interest very soon. Will hon. gentlemen

opposite say that whatever is done for the Canadian National Railway system, in the way of branch-line construction and the like, should be added to the public debt of Canada? That is the contention which my right hon. friend is making at the present time.

Mr. MEIGHEN: I contend that all advances for capital or for anything but refunding, so long as the security taken is not active, should be included in the national debt..

Mr. GRAHAM: That is directly opposite to the course which has been practised for the last twenty-eight years.

Mr. MEIGHEN: We have only had these railways for four years.

Mr. GRAHAM: You do not want to treat our railways even as they were treated when they were in private hands?

Mr. MEIGHEN: That is not the point at all.

Mr. MACKENZIE KING: I have said enough to make it perfectly clear that what the government has done under the present system of control is identical in method with that followed not only when hon. gentlemen opposite were in office two years ago but with the custom followed for the last quarter of a century. I think I have made it very clear also that the system we are following is the method which is also followed by the provincial governments.

I should like to draw attention to the care with which the Acting Minister of Finance presented his statement to the House. He did not try to give the government more credit than it was justly entitled to. True, he was able to point out to the House that the books of the government showed some $30,000,000 in the way of a surplus, but he was careful to inform parliament that of that amount $1,300,000 odd was in the nature of some obligations that had been cancelled, and that $9,300,000 was in the nature of the payment of a book debt which was owed to us by Great Britain. So that there were $10,000,000 for which he did not in any way claim special credit for the government. But where was he to put the $10,000,000 to which I have just referred unless he included it as part of the surplus of the year? Was he to add that to the public debt of the country? There was no other place he could put it; he had to make a statement exactly in accordance with what the figures showed.

The outstanding feature of my hon. friend's statement was that for the year, from economics which the government has practised, he was able to show a net surplus of

revenue over expenditure of $20,000,000. More than that, my hon. friend when he brought in his budget mentioned that he was in a position to present to the House only estimates; he was very guarded and very careful not to overstate the facts. To-day we have the complete returns up to the end of the fiscal year and what do they show? They show that while my hon. friend did not overestimate the revenue he did very considerably overestimate the expenditures. He overestimated the expenditures to the extent of some $5,000,000 with the result that the surplus we have to-day is in reality $35,000,000 instead of $30,000,000.

Hon. gentlemen opposite have made various estimates of the public debt. The ex-Minister of Finance made one estimate, the leader of the opposition made another estimate. I need not point out that their figures were not the same. They both gave to the House different versions. My hon. friend from St. Lawrence-St. George (Mr. Marler) made an estimate which was also different but which, except as to the placing of the guaranteed loans, was I think very fair. He went into the figures carefully and I think accurately. He however took the position that the $50,000,000 guaranteed should be included as part of the public debt.

I submit, Mr. Speaker, that we were right in not including it; but my hon. friend will have this consolation, that if he had had all the figures when drawing up his statement, he would have shown, not that the government had a deficit of some two million dollars, as he figured out according to his calculation, but a surplus of three million, including the fifty million dollars guarantee. He would have been able to show it for this reason: That of that fifty million guarantee there are seventeen millions still in the treasury, or were in the treasury at the end of the fiscal year, which had not been drawn out. The fact therefore is, Mr. Speaker—and I give this to hon. members as conclusive as to the country's position—that in the treasury of this country at the present time, in actual cash, there is that surplus in round figures of thirty-five million dollars.

Let me give now figures of reductions in expenditures. Here I think my right hon. friend will find great difficulty in rebutting what I have to say. I have spoken of the three budgets, and the increasingly better showing which has taken place as each budget has been brought down. These figures are eloquent in themselves, I shall give them in the form of a statistical table which sets forth the figures for the fiscal years 1921-22, 1922-23 and 1923-24:

Budget of	Fiscal year	Total generally controllable expenditure	Total generally uncontrollable expenditure	Grand total disbursements
		$	$	$
1922	1921–22	156,559,119	307,093,317	463,652,436
1923	1922–23	143,069,685	291,382,656	434,452,341
1924	1923–24	140,662,864	229,530,787	370,213,651

There is a difference of sixty-four million in disbursements between 1924 and 1923. If my right hon. friend wants to know where we get our surplus, there it is, from the economies we have practised. What does that show with respect to the estimate of the grand total disbursement per head of the estimated population of the country? It shows the total disbursements per head of population as follows:

	Grand total disbursement per head of population
1922	$51 77
1923	47 50
1924	39 66

In other words, the disbursements per head of the population in 1924 were seven-ninths of those in 1922. For every nine dollars which my hon. friends opposite were spending when they left office, this government is now spending seven dollars. We have been able to reduce expenditure by that ratio.

What about the revenues of the country? They also contain something which reflects the improved condition of the country. Whilst the disbursements have shown a marked progressive decrease, the revenues on the other hand have shown an equally marked progressive increase. The figures are as follows:

Budget of	Fiscal Year	Total Revenue Receipts
1922	1921-22	$381,952,387
1923	1922-23	394,614,900
1924	1923-24	396,000,000

This table shows a steady increase each year since the government has taken office.

I take next the external trade of the country. My hon. friend said a few moments ago that everyone was leaving the country, not the people only but also the trade, that business was suffering, and that the country was in a bad way indeed. Here are the figures in regard to the external trade of the country, they disclose a vast improvement in the total volume of trade and particularly in the favourable balance:

Budget of	Fiscal year	Imports for home consumption	Total exports	Excess of imports over exports	Excess of exports over imports
		$	$	$	$
1922	1921–22	747,804,332	753,927,009	.....	6,122,677
1923	1922–23	802,465,043	945,295,837	.....	142,830,794
1924	1923–24	893,335,491	1,058,553,297	.....	165,217,806

*1920–21: *Excess of imports* over exports—$29,730,763.

My hon. friend says the business concerns of the country have been closing down since the government came into office, that the changes in the tariff have affected business considerably. The figures I have quoted show that this is not the case. Had I taken the fiscal year 1920-21, when my right hon. friend was in office, hon. members would have seen that there was no excess of exports over imports that year; but an excess of imports over exports of $29,730,763.

Mr. MEIGHEN: About two years before it was five hundred million.

Mr. MACKENZIE KING: There are the figures as they relate to the period of time this government has been in office, and as they are recorded in the three successive budgets which have been brought down. Now then, what was the other outstanding feature? It is that this year there is a reduction in taxation of twenty-four million dollars. There you have reflected the condition of Canada. You have a surplus in the matter of revenues over expenditures, you have this great reduction in the total expenditures of the country, you have this vast increase in the total export trade of the country, and you have at last a

government which is able to come before the people and say, "Having practised economy, having introduced policies which have been helpful to the nation's progress and development we are now in a position to relieve you of taxation to the extent of twenty-four millions of dollars."

I shall refer now to the other financial matter to which my right hon. friend referred yesterday. He took issue with the statement which I made that the previous government had left as a mortgage upon the wealth and the industry of this country the total capital cost of the war. I wish to repeat Mr. Speaker, that that is a true and accurate statement of the fact. The total cost of the war was met by hon. gentlemen opposite by means of loans, and not a dollar of it was raised by means of taxation. Here again, notwithstanding the figures which my hon. friend gave this House yesterday, I stand in the judgment of the House as to whether I am not right in saying that the appeal to be made in this instance should be to the books of the government as they were kept by hon. gentlemen themselves.

If hon. members will look at the books of the government as they were kept during the period of the war, they will find there were certain sums of money which were allocated to capital cost of the war; to expenditures of account of war and demobilization. There were other sums that were put down to current liabilities to be paid out of the consolidated fund, just as we are meeting all our accounts to-day. These were current obligations arising out of the war, lasting not only during the war, but continuing on for a more or less indefinite time. These obligations arising out of the war were, first of all, interest upon the outlays constituting the capital cost of the war. My right hon. friend would hardly say that the interest that was paid on the capital cost of the war should be added to the capital cost of the war. Interest in such cases is paid to avoid paying the capital—to keep the capital where it is and avoid paying it. But that nevertheless was one of the items that was included in the statement of the former Minister of Finance of what his government had met in the way of war expenditure during the period of the war. The soldiers' civil re-establishment and the soldier land settlement are the other two items. Soldiers' civil re-establishment was an obligation arising out of the war, an obligation which is continuing at the present time. Does any hon. member believe that it is a fair and accurate presentation of the facts to tell the country that expenditure on account of soldiers' civil re-establishment is a part of the capital cost of a war which ended in 1918? Yet there you have the basis of the figures which my right hon. friend gave to the House yesterday as his reason for denying the statement which I had made that the entire capital cost of the war was left to the country as an obligation by the governments of which he was a member and remains as such at the present time. That is the reason why for some little time it may not be easy to reduce taxation as much as we should like.

My right hon. friend put on Hansard yesterday some figures which he had not read to the House. While I take no exception to his having placed them on Hansard, I think he should have taken care to see that they were accurate. In giving the total expenditure to the country for 1919-20, he fixes the total expenditure at $743,763,186. Those figures should read $785,869,611, the larger figure including advances to railways amounting to $45,780,690. This figure makes the deficit for the six-year period, $1,684,179,975, as given on page 43 of Hansard of this session, when I gave to the House the figures as to the total expenditures. So, that even if we admit the right hon. gentleman's claim regarding sinking funds, the deficit during the six-year period would still exceed the total expenditure on war and demobilization account. There is no refuting the figures, and I think it is well that they should be before the country and the House again. Let me say that when I speak of the capital cost of the war, I include the capital cost of the war and demobilization. Demobilization is a part. These are the figures:

Year	Total Revenue Receipts	Total Disbursements	Deficit	Spent on War and Demobilization Account
	$	$	$	$
1914-1915	133,073,482	248,098,526	−115,025,044	60,750,476
1915-1916	172,149,393	339,702,502	−167,553,109	166,197,755
1916-1917	232,701,294	498,203,118	−265,501,824	306,488,815
1917-1918	260,778,953	576,660,210	−315,881,257	343,836,802
1918-1919	312,946,747	697,042,212	−384,095,465	446,519,439
1919-1920	349,746,335	785,769,611	−436,123,276	346,612,955
	1,461,396,204	3,145,576,179	−1,684,179,975	1,670,406,242

In other words, the exact figures disclose that during the years 1914-1920 $13,773,733 was spent on the business of Canada over and above what was spent on war and demobilization account during that period.

Sir HENRY DRAYTON: I have been following my right hon. friend and his statement is incorrect. I have just looked at the Public Accounts, and I find, for the year 1920 the deficit is $390,000,000, as against the $436,000,000 that he showed. A very cursory examination is sufficient to show that.

Mr. MACKENZIE KING: The figures I have are figures given me by the Finance department, which I have every reason to believe are absolutely accurate.

Sir HENRY DRAYTON: I have the books here.

An hon. MEMBER: A misprint.

Sir HENRY DRAYTON: It is not a misprint.

Mr. MACKENZIE KING: Let me come to another part of what I should like to say this afternoon. We have heard it said over and over again in this debate and emphatically by my right hon. friend this afternoon that, in the tariff changes which the government has made, the government has not proceeded in accordance with any principle; that we have acted in a haphazard manner. I think he used the expression that we have been "gerrymandering" amongst the industries. He was very very strong in what he said as to there being no underlying, guiding principle upon which the tariff changes had been based. I wish to say, Mr. Speaker, that the budget which has been brought down this year has been carefully planned, planned in reference to very definite principles. Those are the principles for which the Liberal party has fought during the years which have passed and for which it will continue to fight during the years which are to come. The guiding principle as regards the tariff has been its revision in such a manner as will help to increase production and help to decrease the cost of living—in other words, to effect a reduction in living costs and a reduction of production costs. Those have been, as long as the Liberal party has been the Liberal party, the aims and objectives which it has had in mind in all tariff matters.

I should like to emphasize that in this two-fold aim the Liberal party has had in view, not only producers, but also the consumers of the country. We have sought, in all our policies, to consider the interests alike of consumers and producers. There are some who say that it is impossible, at one and the same stroke, to render a service alike to producers and consumers. A view of that kind is a very superficial view. Let me give from nature an illustration which in a moment will make the matter apparent. The condition of the country is dependent very largely upon the seasons. If you have a spring in which the rains are just sufficient, a summer where there is plenty of moisture and sunshine and a fall that is free from blight, then you are apt to have harvests and crops which will bring plenty in the land, which will help the producers and the consumers, at one and the same time, and further national well-being as a consequence of helping both producers and consumers. On the other hand, if you have a spring in which there is not sufficient rain, droughts in the summer, frosts and consequent blights in the fall, not only are producers injured, but consumers as well and the entire country suffers.

Taxation is in the nature of a blight. Let it ever be remembered taxation is a burden whether it is on the back of the consumer or on the back of the producer. The man or woman who has to carry it is a burden-bearer, and the man or woman who is freed to some extent of taxation is freed to that extent of a burden. If you free consumers of that burden to that extent you are helping, not consumers only, but also producers, because you afford a larger purchasing power and ensure a larger demand for the commodities which are produced. Similarly, if you in some measure relieve the producer of taxation, you are helping also the consumer, because in relieving the producer in some measure of taxation, you enable him to produce in larger quantities or the same quantity more cheaply, and you help the consumer by having placed before him commodities in large quantity, and at a lower cost. Where it is possible to relieve the consumer and the producer of taxation, you are helping all classes in the community.

The most elementary knowledge of political economy teaches us that the factors of production are four: Land, labour, capital and management. In order that wealth may be produced, that industries may be developed, in order that there may be an export trade, and that a country may enjoy economic advantages over other nations, there must be a combination and co-ordination of these four factors.

What is the land? Land, in the broad meaning of the term, consists in the natural, material resources of the soil, the forests, the mines

and the sea. Agriculture, lumbering, mining and fishing are the industries that grow out of the development of the natural resources; they are the industries that depend upon the soil, the forests, the mines and the sea. As you develop these natural resources, so you make possible the development of the whole of the industrial life of the nation. That is the great fact which lies at the bottom of this budget. We are seeking to make possible the development of the natural resources of the country in a larger way than has hitherto been possible, believing that as we promote this development we are helping the whole industrial life of the country.

Next, take labour; labour includes the actual labour in the country at any moment; but it also includes in a potential way the immigration that may come to the country to supplement existing labour. I maintain that there is necessary, as a supplement to a vigorous immigration policy, some policy which will induce immigrants to develop our natural resources. In other words, if you are going to stimulate in Canada the kind of immigration movement which is necessary for our development, you must endeavour in some way to attract immigrants to develop the resources of the soil, the forest, the mine, and the sea. It is in the great natural industries of the country that wealth in the first instance must be produced.

I come now to capital. What is capital? It is nothing other than wealth that is used for the production of further wealth. In the great basic industries, capital is the machinery, the implements and the tools required to aid labour in this development, also the food and clothing essential to the workers engaged while production is bringing forth its fruits. The capital that is essential to the development of these basic industries, upon which the whole of the national wealth and development depend, consists in the implements of production. That is why the Liberal party has always stood for the reduction to the lowest point possible of the duties on the implements of production, and particularly those that are connected with agriculture. We have been seeking a policy which would help to develop the whole of the national life; and it would be just as logical to put a tax upon every immigrant who comes into the country and goes to work in mine, or field or forest, as it is to put a tax on the implement he has to use in order to extract the wealth from the soil. We say, therefore, that in so far as the circumstances of the country will permit, we believe that in our policy we are laying the foundation of a great industrial revival in this country, that we are establishing a truly national policy.

My right hon. friend asks, why single out particular industries? Different members of the House who have spoken have conveyed the impression that we were discriminating against a particular class. We have done nothing of the kind. Let hon. members look through the records of the Liberal party and they will find that from the day on which the question of the tariff was first spoken of, the reduction in the duties on implements of production has been put forward as a foremost object of the party, and put forward for the reason I have mentioned.

Let us stop for a moment to consider further the nature of industry. What, in a general way, is industry? It is nothing other than the transformation of the natural resources of the country, through human intelligence and human energy, by the aid of natural forces, and of tools and implements, into commodities and services that are available for human use. That is all. Industry is a great process of transformation beginning with the basic industries associated with the soil, with the forest, with the mine, and with the sea, a process of transformation in which every handicap that is imposed at the base is carried on up to the very top and where whatever of freedom is given at the start is reflected all along the way. Our object in the budget, far from injuring in any way the industrial life of the country, has been to bring about an industrial development in Canada vaster than has ever been known before.

I have spoken of the different industries as being so to speak, built up one upon the other. I have in my hand a copy of the Canada Year Book which contains a list of the manufacturing industries in this country, not the individual plants, but the different industries, large as well as small. There are between three and four hundred altogether, the larger of which number about forty. Now, what does one find as one consults the classification? One finds that all the industries of this country —and I am speaking now of the manufacturing industries in relation to the tariff changes which we are making at the present time—are based, and depend for their raw material, upon the development of the four basic industries to which I have referred. First of all, there are the industries that grow out of the vegetable products, such for example as biscuits, confectionery, bread and other bakers' products, feed and flour mills, and so forth, comprising a list of some thirty-four. Then there are those that depend upon the development of

the animal products, and also the textile industries. There are, further, the industries that relate to forestry, such as wood and paper, and those relating to the mines, such as iron and its products, non-ferrous metals and their products, chemical products, and so on; then certain miscellaneous industries; and, finally, the construction industries, hand trades, repairs, and so on. If one looks critically at this list of industries one will find that a great many depend almost entirely on the products of agriculture; others mainly on mineral products, some on the forest, and others again on the combination of the basic industries I have mentioned. In other words, the whole industrial structure, the whole industrial life of the country, is built up on the development of these basic industries. And that is the reason why in the tariff which we have brought down we have confined the changes to the reduction of duties on implements of production in the basic industries. We have tried to make possible a larger production in agriculture, in mining, in lumbering and in the fisheries, knowing that, as we help to stimulate these industries, every manufacturer and every employer in the country will be assisted. But not only will the manufacturing industries benefit; all transportation enterprises, the whole of the commercial and industrial life of the country, and as well the export trade and finance, will stand to gain, and with the industries and trades the great body of consumers who compose the nation. If one will pause to reflect one will see that that is the only sound national policy, the only basis on which national development can take place.

I might conclude this phase of my observations by presenting to the House an analogy which will serve to illustrate my conception of the relation of the manufacturing industries of the country to the great basic industries. I think of Canadian agriculture as the trunk of a great tree, and of its current production as the sap—the life-blood of the tree. The current products—the animal and the vegetable products—leave the trunk of the tree and supply life and aliment to the great branches—to such great manufactures as flour-milling, slaughtering and meat packing, butter and cheese, bread and bakery products, biscuits and confectionery, and so forth, as well as to such smaller branches as prepared breakfast foods, stock and poultry foods, condensed milk, tanneries, leather goods, and so forth—all of which industries were in days of less specialized production carried on upon the farm itself. My idea is that if we desire to promote the prosperity of even these smaller branches of our tree, the best way is to cultivate the ground around its trunk, from which it draws its sustenance, thus increasing the flow of products which pass from the trunk into the manufacturing processes of the branches. That, I submit, is the natural and obvious way of promoting industrial prosperity, and that is why this government is reducing the duties on agricultural implements—those duties which restrict production. But if I may go on with the analogy, the opposition's method of handling the situation is first to tap the trunk at its base by the duties upon agricultural implements, and thereafter to favour one branch of industry at the expense of another—in other words, to control and divert existing supplies of products rather than take the obvious way of increasing all products by working the soil around the tree and affording it all possible nutriment.

Similarly, again, with our forestry industry. In our statistical classification, there appear under the general heading "wood and paper" no fewer than forty-three distinct manufacturing industries deriving their raw material from our forests, which also supply a large part of the raw material for our construction industries. It seems to me that there can be no better way of promoting the welfare of these industries—the branches of our great "forest tree"—than by diminishing the duties which have a tendency to restrict our forestry production.

Again, the same analogy applies to the many industries based upon our mines and quarries.

This, Sir, is our reason for reducing duties on agricultural, forestry and mining machinery, and I feel that it is a reason which will commend itself to the good judgment of this House. It is true that certain industries may, for the time being, experience inconvenience from the partial withdrawal of artificial stimuli supplied to them in the past; while we regret this, our action must be determined by regard for the best interests of the country as a whole. The government has done its utmost to soften the shock to the industries immediately concerned, and to avoid the possibility of their sustaining any appreciable injury or loss.

There, Mr. Speaker, is the difference between ourselves and the opposition, there is where we join issue with our opponents. They stand for the protection of a few special interests; we seek to develop the industrial life of the Dominion as a whole and with it to improve its commercial and financial prosperity.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. MACKENZIE KING: Mr. Speaker, when the House rose at six o'clock I had been answering the criticism that was made to the effect that this budget had not been brought down in accordance with any principle. I think I made it pretty clear that the government had been guided by fundamental principles which have been the actuating ones of Liberal policy ever since the Liberal party had anything to do with the question of the tariff. The Liberal party has aimed at all times where tariff matters were concerned, to reduce the cost of living and also to reduce production costs by removing in part, and in some cases in whole, the duties on the implements of production of the basic industries. We are endeavouring in that way to increase production in the basic industries of agriculture, mining, lumbering, and fishing, with the hope and expectation not only that those industries will be benefited, but that the whole manufacturing industry of the country, which is necessarily based upon the basic industries, will also be benefited, the trade and commerce and finance of the country similarly benefited, and also, but by no means least, that the consumers of the country will be benefited through obtaining in larger quantities and at lower prices the commodities which they require for daily consumption. In other words, our policy is a truly national policy, the only policy deserving of the name of national policy in this country.

As I remarked this afternoon, Mr. Speaker, this is the third budget which the present administration has presented to parliament. With respect to the other two, what was the nature of the criticism directed against us by the right hon. leader of the opposition and his following? It was all to the effect that we had not been true to Liberal traditions; that we had not carried out our platform; that we had not implemented the pledges given the electors in the general elections of 1921; in particular, it was alleged that the reductions we had made in the duties on agricultural implements in the first budget, and the increase made in the British preference in the second budget, together with other reductions in both budgets in duties upon many of the necessaries of life and other articles of daily use were insufficient to fulfil the reasonable hopes and expectations of those who had given us their support at the polls, in virtue of which support we had been returned to power.

We had this afternoon from the lips of the right hon. the leader of the opposition in the characteristic phraseology to which in this House we are becoming accustomed, the criticism that we have been guilty not only of betrayal, but of infidelity, of infamy, I think, of apostasy. Heaven alone knows how many other phrases of a like kind he used. At any rate the right hon. gentleman could not find words strong enough to indicate that we had not been faithful to our promises. He said that not only was the budget repudiating the Liberal policy, but that the Liberal leader was also repudiating his promises and his pledges. He intimated, and this is a criticism which hon. gentlemen opposite have been given to making, that the government in this matter had been actuated by some ulterior political motive, that we have had primarily in view the making, as my right hon. friend expressed it this afternoon, of a sacrifice to the Progressive gods, that we were "opportunists," that our purpose in this budget had been solely that of winning Progressive support; that such was the main object.

Mr. Speaker, I think the most effective way of answering that criticism is for me to review outstanding features of Liberal policy, and the professions that have been made by the Liberal party in regard to Liberal policy in the two particulars which I have mentioned, namely, the desire of the party to reduce the cost of living, and its desire also to reduce production costs by reducing the duties on the implements of production in the basic industries. I must ask the House to pardon me if with a view to disposing once for all of this kind of criticism, I undertake to quote, as it will be necessary to quote in this connection, for purposes of accuracy, statements which have been made, and which should be regarded as authoritative.

I shall not attempt to go over the whole field of Liberal resolutions. I state again that on the tariff, speaking broadly, it will be found that the Liberal party has consistently advocated measures for the reduction of duties on the implements of production, and also the reduction of duties in a way that will reduce the cost of living. I shall begin with the time with which most of us who are on this side of the House are most intimately associated, and for which we are more or less responsible.

I shall ask the House and the country, in the light of the reference and quotations I propose to give to judge whether in tariff matters we have not consistently advocated a revision downward in the interests alike of producers and consumers; have not advocated specifically a reduction in taxation upon the

instruments of production and the necessaries of life; and whether the tariff reduction proposals submitted to parliament in the present budget are not wholly in accord with, and a faithful implementing of professions, promises and pledges made to the electors at the time we sought their support in the general elections of 1921.

Let me refer first of all to the platform of the Liberal party as adopted at the Liberal convention in June, 1919. Whilst differences may exist as to the extent to which it may be wise at any given moment to carry out in detail the items specified within its pages, there can be no differences of view as to the essential underlying principles of tariff reform therein set forth. They are embraced in the opening paragraph of the resolution on the tariff, which reads as follows:

> That the best interests of Canada demand that substantial reductions of the burdens of Customs taxation be made with a view to the accomplishing of two purposes of the highest importance: First: diminishing the very high cost of living which presses so severely on the masses of the people; Second: reducing the cost of the instruments of production in the industries based on the natural resources of the Dominion, the vigorous development of which is essential to the progress and prosperity of our country.

There is exactly what the present budget proposes—substantial reductions of the burdens of customs taxation, with a view to diminishing the very high cost of living, and reducing the cost of the instruments of production in the industries based on the natural resources of the Dominion.

With respect to the resolution as a whole and more particularly with reference to the detail which follows, as I have already mentioned repeatedly in this House, I have never regarded the purpose of the convention as other than that of giving to those who might be entrusted with the administration of the party's affairs a chart on which was plotted the course the party would be expected to take when in office, and to take in the light of all existing conditions and circumstances, not, as I have also repeatedly said, at the dictation of any one individual but under the guidance of those of its number whom the party might elect as its representatives in parliament and in the government. This I need not remind the House is not some new version placed upon the platform of the Liberal party to suit the exigencies of the occasion, but was the interpretation placed upon the platform by myself in the presence of the assembled delegates at the time of the convention and heartily acquiesced in by them—an interpretation moreover which in the sessions following was quoted to parliament and repeated by me from every public platform in addresses delivered during the campaign of 1921.

The Liberal convention was held, as I have remarked, in June, 1919. In May of the following year we availed ourselves of the first opportunity afforded thereafter of disclosing to the country through parliament the official or authoritative view of the Liberal members of the House of Commons with respect to tariff matters when the hon. member for West York, the then Minister of Finance (Sir Henry Drayton) introduced his budget. An amendment was moved on behalf of the then Liberal opposition by the hon. member for Shelburne and Queens, the present Minister of Finance, (Mr. Fielding) and seconded by myself. It was supported in division with one or two exceptions by every Liberal member present in the House at the time. The amendment will be found in Hansard of May 18, 1920, at page 2510. I shall not read the whole amendment, the last paragraph will be sufficient to disclose to the House and to the country the consistency of the attitude of the Liberals in advocating the two great purposes I have already mentioned, namely, substantial reductions in the burden of customs taxation, with a view to (a) the reduction of living costs and (b) reduction of production costs, especially as those are related to necessaries of life and the instruments of production. Here are the words of the paragraph referred to:

> That in view of the continued increase in the high cost of living, of the greatly increased burden of taxation, of the hardship which many of the people suffer from those causes, and the unrest naturally arising therefrom; and in view of the desirability of adopting measures to increase production and effect such relief to consumers and producers as may be within the power of Parliament, the House is of opinion that, pending a wider revision of the tariff, substantial reductions of the burdens of customs taxation should be made with a view to the accomplishing of two purposes of the highest importance; first, diminishing the very high cost of living which presses so severely on the masses of the people; second, reducing the cost of the instruments of production in the industries based on the natural resources of the Dominion, the vigorous development of which is essential to the progress and prosperity of our country.

That was the manner in which we put forth in this House the Liberal position with respect to the tariff. But there was another session of parliament which succeeded the one to which I have just made reference. It was the session immediately preceding the general election, and the Liberal party therefore was doubly careful to outline in its resolution of that day the position which it was taking before the country. Let me say, Mr. Speaker, we were not at the time of the elections seeking Progressive support. We were offering opposition to the Progres-

sives. We thought the party as then constituted was going too far. That was the position we took at the time. It was found, when we got into the campaign that they were not taking the extreme position respecting free trade which some had indicated they were likely to take. Be that as it may, the point I want to make clear—because of something the leader of the opposition said to-day—is, that the object we had in view in the course of action I am describing was not progressive support but to put before the people of this country what the Liberal party stood for and was prepared to fight for.

As I have said, the Liberals in parliament sought to place before the House and the country their views on tariff revision in the form of an amendment to the budget of the then Minister of Finance. On May 10, 1921 the following amendment was moved by the hon. member for Shelburne and Queen's and again seconded by myself. I shall read the whole amendment as it sets out very clearly the essential features of Liberal tariff policy. I would ask the House to recall that it was a resolution moved and in fact drafted by the present Minister of Finance, and to note the emphasis it places upon, first: Reduction in the tariff as the main object to be sought; second, its disavowal of protection as the principle upon which the tariff should be based; third, the aim of our fiscal policy as the encouragement of industries based on the natural resources of the country; and fourth, the reduction of such duties as may be expected to reduce the cost of living, and the cost of the implements of production. The resolution is as follows:

> That all the words after the word "that" to the end of the question, be omitted, and the following inserted instead thereof:
>
> The House regrets that, after repeated assurances by the government of an intention to have a revision of the customs tariff, and after a protracted inquiry extending from ocean to ocean by a committee of cabinet ministers, the government have made no proposals for any reduction of the tariff;
>
> That, while recognizing that existing financial requirements of the Dominion demand the maintenance of a customs tariff, the House is unable to concur in the declarations by the government that the tariff should be based on the principle of protection; the tariff is a tax, and the aim of legislation should be to make taxation as light as circumstances will permit;
>
> That the aim of the fiscal policy of Canada should be the encouragement of industries based on the natural resources of the country, the development of which may reasonably be expected to create healthy enterprise, giving promise of enduring success;
>
> That such changes should be made in the customs duties as may be expected to reduce the cost of living and to reduce also the cost of implements of production required for the efficient development of the natural resources of the Dominion;
>
> That, while keeping this aim clearly in mind, the House recognizes that in any readjustment of the tariff that may take place, regard must be had to existing conditions of trade, and changes made in such a manner as will cause the least possible disturbance of business.

There is the Laurier-Fielding tariff; there is a declaration that what should be done in the matter of the tariff is a reduction of the duties on the implements of production in order that the great basic industries might be developed in the manner described. I could quote what I said in the House in support of these resolutions, but I will not take up the time of hon. members in referring to the debate that then took place. The whole trend of Liberal discussion then was that this was the object we were fighting for, this was the aim we had before us.

Not only in the House but throughout the country I had occasion to speak on the tariff policy of the Liberal party. Before the election as well as during the election I spoke in eastern Canada and in western Canada. I not only spoke in eastern and western Canada, but I also wrote one or two articles on the Liberal policy with respect to the tariff. I challenge any hon. member of this House to find in any speech of mine made before the election or during the election a single contradiction of the principles that are laid down in the resolution I have quoted. I state that in all the speeches I made I represented to the people in so many words virtually what I have been saying this evening; and more than that I made it a point of emphasizing in every speech—and this is the truth I desire to bring out—that the Liberal party stood for a reduction of the duties on the articles that would affect the cost of living, and especially on the implements of production in the basic industries of agriculture, lumbering, mining and fishing.

I spoke in Toronto with my colleague and friend, the Minister of Soldiers' Civil Re-establishment (Mr. Beland), on August 14, 1920. That was the year before the passing of the second resolution which I have just read. Let me give to the House the report contained in the Mail-Empire of Toronto of August 16, which was Monday, of the meeting held at Hanlan's Point, Toronto, on August 14, 1920. This is what the Mail and Empire reports as the Liberal policy as stated at that time: Quoting my words, the paper has the following:

> We believe that the time has come, indeed that it is already long past, when a downward revision of the tariff is necessary. In this revision we believe that there should be substantial reductions of the duties on the necessaries of life; in other words, on those articles which go to make up the food, the clothing, the shelter of the Canadian people; that certain specific articles required for the purposes of

consumption and other articles essential to production should be placed upon the free list, and that in regard to the instruments of production in the basic industries of agriculture, mining, lumbering and fishing, there should also be a substantial reduction of duties. It is not a question of free trade or protection. With the revenue which will be required for years to come, to meet the large interest payments on public debt, the obligations to our returned soldiers in the way of pensions and in other respects, as well as to carry on the work of government in Canada —resort as we may to direct taxation of incomes and of business profits, which is also a part of the Liberal policy; tax as we will all luxuries, which is another plank in the Liberal platform—there will still be required for purposes of revenue large sums of money which of necessity will have to be raised by indirect taxation through a customs tariff. In revising the tariff to this end, care will be taken of the position and needs of all the industries in our country; but such tariff as may be necessary in this connection will be, under Liberal policy, a tariff for consumers and producers, and not a tariff to further the interests of combines, monopolies, or of any special or privileged classes.

The Toronto Globe of the same date contains, on its front page, part of what I have just read, and has the following additional statement which I made at that time, and which I have held to consistently ever since:

It is not honest to say that we can do away with the tariff. We can revise it, and that is the policy of the Liberal party. And I shall say in regard to tariff policies exactly the same in the city of Toronto as I shall say in the western provinces. I have not one message for the city and another message for the country, one message for the employer and another for the employee.

During the fall of 1920 I went out as far as western Canada with my hon. friend the present Minister of Justice (Mr. Lapointe) the hon. member for Lunenburg and the late Hon. Mr. Kennedy, and we spoke in a number of the cities of western Canada. I shall not take up the time of the House reading lengthy extracts, but I would like to read a few words from the speeches I then made, and I shall give a reference in each case to the paper in which these statements will be found; so that if hon. gentlemen wish to look up the records they may do so. I will read the statements that have a bearing on what the government is seeking to do in the tariff proposals before the House. In the Victoria Daily Times, September 18, 1920, the following will be found:

The Liberal leader's policy on the tariff is a substantial reduction of the duties on the necessaries of life, the things which go to make the food, clothing and shelter of the Canadian people; the placing of articles essential to production on the free list, and material reductions in the duties on implements of agriculture, mining, lumbering and fishing. He frankly believes in a tariff, but declares it should be a tariff for consumers and producers rather than for profiteers and special privilege.

After a meeting in that city on the night of September 29 a press despatch sent out from Vancouver appeared in the Ottawa Citizen of the day following as follows:

Hon. Mr. King discussed the leading problems of the day, the cost of living and the tariff, declaring that, with regard to the latter that what is wanted is not taking of evidence, but immediate revision to bring relief to consumers and producers, in regard to the high cost of living.

The Lethbridge Herald has the following with reference to a meeting held at Lethbridge October 19, 1920:

It is not a question of free trade or tariff. Under Liberal policy it will be a tariff for consumers and producers".

Change of tariff means the interests of consumer and producer and putting an end to profiteering".

Cut down the tariff on all necessaries of life.

Substantial reductions or taking off the duties on the implements used in our basic industries of farming, lumbering, mining and fisheries, is our tariff policy.

There is no time more than the present for a great agricultural policy.

It is a good thing to have towns and cities, but an evil thing if towns and cities are to develop at the expense of rural centres.

As you develop the great basic industries so you increase the amount of raw material for manufacture.

The Lethbridge Herald of the 20th October has also the following editorial reference:

There was a basic truth in what Mr. King laid down that the basic industries of the country should be relieved from the factors that prejudice these industries to the detriment of the country at large, in the placing of burdens on the implements of production. He brought his argument home when he exemplified its truth in the statement that only by the production of cheap raw material could the manufacturers of the country hope to be able to compete with other countries.

Speaking at Saskatoon October 22, reported in the Manitoba Free Press the day following, I find the following:

We hold that there should be an all-round revision in the interests of consumers and producers, and substantial reductions in two great particulars—the necessaries of life and the implements of production in the basic industries.

At Prince Albert a meeting was held on October 28 and the report in the Montreal Herald, October 29, reads as follows:

He maintained that the greatest question in Canada was the cost of living, and that its only ultimate solution lay in greater production. It was for this reason that the Liberal party felt that in the interests of Canada as a whole too much encouragement could not be given to the agricultural industry.

There were other speeches made in 1920 in different parts of the country, and telegraphed all over Canada by the Associated Press in which the same declarations of policy appear. There could be no doubt in the minds of anyone who had been reading the press where I stood and where the Liberal party stood on the question.

I will now quote from MacLean's Magazine, and in doing so I do not think any hon. gentleman will think I am quoting from a Liberal organ. This magazine published a series of

articles on the tariff, one by my right hon. friend opposite, (Mr. Meighen) one, I think by the hon. member for Marquette (Mr. Crerar) and one also on the Liberal policy by myself. This publication is dated January 15, 1921, and here is what is stated in the magazine as to the Liberal position on the tariff:

> Mr. Meighen is striving to make the issue between the political parties in Canada one of free trade versus protection. Were he in a position so to do he would create an issue to his own liking. That the issue cannot be between free trade and protection is clear from the fact that none of the political platforms now before the country, not even the platform of the Farmer's party, demand free trade. The Liberal party has no thought of tariff abolition. Its policy is one of tariff revision through reduction in the interests alike of producers and consumers. All of us are consumers; all of us are or ought to be, in the broad sense, producers, rendering some service to the community with hand or brain or both.
>
> We believe that the time has come, indeed that it is already long past, when a downward revision of the tariff is necessary. In this revision we believe that the home and its needs should be a first consideration, that there should be substantial reductions of the duties on the necessaries of life; in other words on those articles which go to make up the food, the clothing, the shelter of the Canadian people; that certain specific articles required for the purposes of consumption, and other articles essential to production, should be free of duty altogether; and that in regard to the implements of production in the basic industries of agriculture, mining, lumbering and fishing, there should also be a substantial reduction and in some instances, a total elimination of duties.
>
> With all there has been of destruction during the period of the war, what is needed most to meet the scarcity and taxation which have ensued is increased production. If the basic industries, the key industries of Canada, are relieved as far as possible of taxation, if the instruments of production are made easier to obtain, if production is thereby cheapened and enlarged, these industries are benefited, and the whole community is benefited. Not only do secondary industries gain in the reduction in cost of raw materials, but consumers also gain in the lessened cost of many of the essentials of life.

Exactly the same thing as I have been saying in this House this afternoon. I regret being obliged to take up the time of the House with these quotations; but I should like my right hon. friend to believe that there are in this House men who are quite as sensitive with respect to their honour as he is himself, and that the kind of talk he has been indulging in about my saying one thing in one place and another thing in another, being guilty of apostasy, infidelity and whatnot, is not the kind of thing that will go down with the Canadian people, nor is he as leader of a party setting an example that others should follow.

May I speak now of the campaign of 1921? The first meeting that I spoke at in that campaign was in the city of Toronto which, I think, is a manufacturing centre. It was addressed by the Minister of Finance (Mr. Fielding) and myself on the evening of September 20. I have in my hand a copy of the Toronto Globe which contains extracts of what was said at that meeting. This was the opening meeting of the campaign in an industrial centre, and hon. members will I think admit that, with the possible exception of Montreal, there is no other more important industrial, manufacturing centre in Canada. This is what the Globe gives under the heading of:

> Liberal leaders on two vital issues, the tariff and government railways.

Quoting from my speech that night:

> It is for the principle of a tariff for revenue that the Liberal party has stood in bygone years; it is for that principle the Liberal party stands to-day, and it is for the principle of a tariff for revenue that the Liberal party will continue to stand if returned to power in the present contest.
>
> Let me tell Mr. Meighen that, while it is impossible to have an issue between a tariff based on the principle of protection and a tariff based upon the principle of free trade, it is possible to have an issue on a tariff primarily for revenue as against a tariff primarily for protection; and that upon this issue we are prepared to fight, as Sir Wilfrid Laurier and Mr. Fielding fought in 1896,

The Laurier-Fielding tariff, if you please.

> . . . and with expectations of a like return of prosperity and stability in matters industrial and commercial, should our policy be vindicated at the polls...

I added at that time and it is quoted in the same connection:

> It is because we believe that in no other way can the battle be won throughout this Dominion from ocean to ocean we propose to place Liberal candidates in the field not as expressing an antagonism toward any class or group who may share Liberal or Progressive ideas, but solely to make sure the triumph of Liberal principles and policies at the polls.

In other words, I stated at that meeting that the Liberal party intended to place its candidates, as, it did, in practically avery constituency in this Dominion, against hon. gentlemen of the Progressive party opposite. They fought against these hon. gentlemen and fought on the very tariff principles which we are trying to put through this House at the present moment. We were not catering for Progressive support at that time. It cannot be said we were seeking at that time what we could get in the way of votes in this House. We were telling the people of Canada what the Liberal party was prepared to do if it were returned to power. Over and over again, throughout that campaign, I mentioned, as I mention now, that I could see no necessity for men of Progressive and Liberal views with respect to these questions, shared in common as in this particular we share them in common, being divided as we were divided in that particular struggle. I say now to my hon. friends of the Progressive party in regard

to these great questions which affect the well-being of the masses of the people, which have to do with the prosperity of the country, which have to do with the interest of consumers: the less we let hon. gentlemen opposite divide the forces that have the interests of the people at heart, the better it will be for this Dominion of Canada. They are derisive because the government is bringing down a policy which appeals to hon. gentlemen of the Progressive party. From the moment that I had anything to do with public life in this country, I have tried to bring about unity between the forces that are making for the dominance of progressive and Liberal ideas in Canada, and I shall continue to strive in that direction. I say, too, speaking to my hon. friends of the Progressive party, that the only hope the Tory party in this country will ever have of getting back into power is that they can divide the forces that have the interests of the people at heart.

I have read what the Toronto Globe said in reference to my remarks in that regard. Remember that this was the campaign in which we were appealing to the people for support and these were the grounds we were putting forward when we asked the people to return us to parliament. The Mail and Empire of September 21 has the following:

> The Liberal leader's tariff statement last night was simply a repetition of previous declarations of the Liberal policy of a "tariff for revenue." He went a little further, however, by admitting that he would revise the tariff to cheapen the means of production—his way of referring to a cut in the protection given machinery and farm implements manufactured here, and he would also use it to lower the cost of living by permitting freer import of foodstuffs.

The London Advertiser contains also a statement of what was said that night in very much the same words. The Toronto Star of September 21 had the following, taken from my speech of that evening:

> There need be no mistaking the position of the Liberal party as regards the tariff. It regards the tariff not as an end in itself, but as a means to an end. That end, according to the Liberal policy, is three-fold, and is to be effected not by abolition of the tariff but by its revision.
>
> First: its revision for purposes of revenue; this to be accompanied by making such revisions as are required to give greater effectiveness to the tariff, as one of the means of raising revenues necessary to carry on the government of the country.
>
> Second: its revision for purposes of increase of production. This to be accomplished by facilitating more extended development of the industries based on the great natural resources of our country—agriculture, mining, lumbering, and fishing—by making the necessary instruments and implements of production available where possible at lessened cost.
>
> Third: its revision for purposes of decrease of the cost of living. This to be accomplished through rendering possible increased production in the manner already described and by making certain of the necessaries of life available to the people at lessened cost.

From Toronto in that campaign I went to the city of Montreal where I spoke on the evening of September 22, and I take the following extract from the Montreal Star of September 1923:

> ...The issue is not between protection and free trade; it is what it has been in the past, between the old Tory party and the old Liberal party, an issue between high protection on the one hand and a tariff for revenue on the other. . . . But there is a great difference between having a tariff that has stood for many years and never changed and revising the tariff in the interests of the needs of the country as you see it. Mr. Meighen says the tariff needs revision; we say the same thing. The difference I can see is, were they to revise the tariff it would be revised in the interests of combines, monopolies, trusts and mergers. If it is left to our revision it will be revised in the interests of the consumers and the producers, and this is the first interest to be considered.

Mr. SUTHERLAND: Mr. Speaker—

Mr. MACKENZIE KING: I will give my hon. friend a little more; he will get all he wants. I shall quote next from the Moncton Transcript of September 23rd which gives a report of a speech I delivered at Sherbrooke in the constituency of my hon. friend (Mr. McCrea) who spoke in the debate a day or two ago.

> Mr. King declared that the first need of Canada was true economy and a reduction in the cost of living. Revision of the tariff was overdue, but it should be downward revision in the interests of all classes.

The leader of the opposition read an extract from a report of my speech in one of the Sherbrooke papers. Well, I take the following from a press despatch to the Ottawa Citizen of September 24 reporting what I had said in Sherbrooke on this question of the tariff:

> The Liberal party believed in cheapening raw materials by reducing the tax on implements of production.
>
> The Liberal tariff was the only one which was equally fair to residents of both city and rural area alike. It was the policy which would bring about increased production, which was the need of Canada to-day.

The point I want to make perfectly clear is this, that I did not choose one centre in which to say one thing and another centre in which to say something different. If I felt that in any particular constituency some special question was likely to be raised at any time with respect to these matters I emphasized that particular point, and when I spoke in Sherbrooke I knew how my hon. friend on this side of the House felt in regard to tariff matters. I was therefore very careful to make it clear that as respects the instruments of production our intention was to reduce the duty if we were returned to power.

A little earlier in the year, speaking at Bedford in Missisquoi in the province of Quebec,

the constituency of my hon. friend (Mr. Kay), I made a statement a report of which appeared in the Montreal Gazette and which I shall read to the House. In passing, I may say that my purpose in giving these quotations is that the House shall see that so far as the several provinces were concerned, in the province of Quebec in Montreal, and other centres, there was no mistaking our position. This is an extract from the report as it appeared in the Montreal Gazette and which might have been read by every one who reads that newspaper:

The people also expect a government to devise methods of helping to relieve conditions. We have a tariff that needs revision in many ways. The government said it would revise the tariff, and this year they announced that intention in the Speech from the Throne, but before the session was over there was no revision and nothing has been done towards reducing taxation or lowering the duties on the necessities of life and instruments of production, as advocated by the Liberal party.

Speaking in Nova Scotia at the first meeting that took place in eastern Canada I made the position of the Liberal party perfectly clear to the people of that province. The gentleman who presided at that first gathering in the Maritime provinces was a close and intimate friend of the right hon. the Minister of Finance (Mr. Fielding),—I refer to Mr. Murray, the ex-premier of the province. What did Mr. Murray say in opening the campaign in Nova Scotia? The report will be found in the Halifax Morning Chronicle of September 27 of the meeting held the night before at Sydney. Mr. Murray said:

The Liberal tariff policy of to-day is embodied in the resolution moved by Mr. Fielding and seconded by my friend Mr. King.

That was the resolution I read a moment or two ago. Reporting my own remarks, the Ottawa Citizen had the following despatch:

The tariff, said Mr. King, should be framed to develop the basic industries of the country. It would be our aim, he said, to develop these industries and bring them to a proper success.

Speaking at Digby, Nova Scotia, I said, as will be found in the report that appeared at the time in the St. John Daily Telegraph:

"The Liberal tariff policy," declared Mr. King, "was wide enough for all the Dominion." He enumerated the different industries found in the surrounding area which included the four great basic industries. Other industries were dependent on fishing, agriculture, lumbering and mining. "The natural resources of the country must be fully developed," the Liberal leader declared, and implements and instruments of production should be relieved as far as possible from taxation to encourage fullest production."

In Amherst, Nova Scotia, I am reported in the Daily News of October 6, in the report of the meeting held October 5, as follows:

Referring to the industries and resources of the province, Mr. King declared these should be developed. The instruments of production in the basic industries should be as free of taxation as possible... Necessaries of life should also be made as cheap as possible to the people.

In Prince Edward Island, speaking at Summerside on October 6, as will be seen by the Island Patriot of Charlottetown, I am thus reported:

The platform was laid down as a guiding chart. It stood primarily for two things. For tariff revision to reduce the cost of production and to reduce the costs of necessaries of life.

And in the Island Patriot of October 7:

What is the Liberals' position in regard to the tariff? . . .We say the tariff is a tax, and being a tax it should be made to bear as lightly as possible upon the people as a means of getting the necessary revenue to carry on the government. The Liberal policy is that of a tariff for revenue in the interests of producers and consumers. . . .We want a revision of the tariff in the interests of consumers and producers.

In the Halifax Chronicle of October 7 there appeared the following:

The tariff is of importance, and our stand is well known. . . .There must be a tariff for revenue and not for protection. There must be increased production in the basic industries, and this demands the lowest possible tariff on the implements of production. Then we all need certain things; on these necessaries of life the tariff also should bear lightly. The home and its needs will be our first consideration in revising the tariff.

Speaking at Alberton in the province of Prince Edward Island I am reported to have said:

We, when elected, intend to revise the tariff in such a way as will aid the basic industries of the country, farming, fishing, mining, lumbering, in a way that will encourage production and to that end we contend that the equipment, the tools, the machinery required in these industries must be placed on the lowest possible tariff rate. This is something that is of interest to every one in this country.

In the province of New Brunswick I spoke at a meeting, in the city of Moncton on March 13, the following report of which is to be found in the Moncton Daily Times of the 14th:

The Liberal tariff policy was again outlined by Mr. King. It was based on development of the basic industries. The tools and equipments needed for these industries were as important as the resources themselves. Increased production in these main industries would help all industries based on them. Reduction of duties on these implements of production was vitally important, as also was the reduction, as far as possible, of the taxes on necessaries of life and the needs of the home.

A similar quotation from the Montreal Gazette of October 16 relates to a meeting held in Sussex, New Brunswick; and from the St. John Globe I take the following report of a meeting held on October 16:

There was need for revision. The Liberals demanded that such revision should be in the interests of all

the people. The need for revenue would be a primary consideration instead of protection.

Then in St. John, New Brunswick, as reported in the Globe of October 17:

It was to the interest of the country as a whole that the tax on implements of production should be as light as possible. Also the tax on the necessities of life should be light. It was along these lines that the Liberals proposed to revise the tariff.

In St. John, as reported in the St. John Times of October 17:

He regarded the platform as a chart of the course that the Liberal party was supposed to take. He would keep the chart before him and with the assistance of his colleagues would take the right course. Conditions had changed materially since the 1919 platform had been framed. There had been changes in the United States tariff. Must we be bound by the actual words of any document? The people would regard him as a madman if he did so. He would have to accommodate himself to conditions and take a common sense view. That would be the sane course to take..... It was to the interest of the country as a whole that the tax on implements of production should be as light as possible. Also the tax on the necessities of life should be light. It was along these lines that the Liberals proposed to revise the tariff.

I come now to the province of Ontario. Speaking in Sarnia on November 2, as reported in the Sarnia Observer, the day following, I said:

The wealth of the country came from the great basic industries, lumbering, mining, farming, etc., and as all manufacturing was the turning of raw materials into articles of consumption, the Liberal party wanted the implements of production to be taxed as lightly as possible. The same applied to certain classes of necessities of life, such as food, clothing, etc., which should be taxed as lightly as possible. The Liberal tariff proposed that manufacturers should be prosperous because they could get their equipment at reasonable prices while the masses of the people should not be overtaxed in costs of food, clothing and other necessities.

In Sudbury on November 8, as reported in the Montreal Gazette on November 9, I said:

The tariff could not be abolished, however, since revenue was needed, but it should be revised from a revenue basis. To increase the wealth of the country its natural resources must be developed and this demanded the removal of taxation as far as possible from implements of production in the basic industries. Necessities of life must also be freed of taxation to the greatest possible extent.

Then at Port Arthur on November 10, as reported in the Manitoba Free Press Bulletin of November 11:

The Liberal leader outlining the revenue tariff policy, declared that free trade was impossible, and unthought of at present, and that the Liberal party stood for downward revision, making the tariff bear as lightly as possible on necessities of life and implements of production.

Mr. King declared he had been making exactly the same tariff speeches in all parts of Canada for the past two years.

In Newmarket, in my own constituency, I said on November 22:

The Liberals believed in revising the tariff in a manner to increase production by lightening the burden on implements of production in the basic industries and on the necessities of life.

The report is from a despatch to the Ottawa Citizen of November 23.

At Peterborough I am reported in the Examiner of November 27, as follows:

Mr. King said that the best tariff policy in the interests of the country was that of the Liberals, which, he explained, was a policy of downward revision; a tariff designed primarily for revenue, which would lighten the burden of taxation on implements of production in the four basic industries, and on foodstuffs.

Again at Pembroke I am reported in the Montreal Gazette of November 29, 1921, as follows:

The Liberal tariff policy was unchanged, Mr. King said. He believed in the necessity of downward revision, with reduced taxes on necessities of life and on the implements of production used in the basic industries.

At Gananoque I am reported in the Ottawa Citizen of December 1, 1921, as saying:

The Liberal revenue tariff policy would help bring the needed revenue and also increase production in the great industries. Machinery and tools used in the four basic industries of agriculture, lumbering, mining and fishing, and also necessaries of life, must be freed from irksome taxations. As far as possible, a Liberal tariff revision, said Mr. King, would be based on the home and its needs.

Now I come to the western provinces: Of my speech at Melville, Saskatchewan, the Manitoba Free Press of November 14, 1921, contained the following report:

Mr. King reviewed the platform as put forth by the Liberals, and said that his party stood for downward revision and for relieving of taxation as far as possible—implements of production in the basic industries and necessities of life.

At Calgary, Alberta, I am reported in the Manitoba Free Press of November 16, 1921, as follows:

The Liberal party, he declared, stood for a tariff for revenue. This, he believed, was in the interests of all producers and consumers. He also held that duties should bear as lightly as possible on the implements of production in the basic industries and on the necessities of life.

The Calgary Morning Albertan on November 16, 1921, contained the following report:

We stand for a tariff for revenue, not to protect monopolies. But we would have the tariff revised for the producers and consumers. The burden should bear as lightly as possible on the tools of production of farm, mine, lumber camps, and so forth, and on the food and clothing of the people.

At Edmonton I am reported in the Edmonton Bulletin of November 15, 1921, as follows:

Tariff for revenue only should be the object. The Liberal party was pledged first to reduce the duty on implements of production to the lowest possible

degree, and second to lower the scale of tariff on necessities of life as far as possible. Liberals stood against tariff for the interest of trusts, combines and monopolies; theirs was a policy for the people of Canada as a whole.

At Regina I am reported in the Edmonton Bulletin of November 16, 1921, in these words:

His policy, he said, was one of downward revision, with the lightening of the tariff burden on implements of production in the basic industries and on the necessities of life.

The Moose Jaw Times on November 18, 1921, contained the following report:

We should view the tariff in the light of what is best for the Dominion as a whole. If life will be made easier for the great majority and greater prosperity for the masses will ensue, then we should revise the tariff. The tax on necessities is now too high and the way to lower this is to revise the tariff. Greater production and greater demand will follow cheaper prices.

The basic wealth of Canada is derived from four great industries. These are agriculture, mining, fishing and forestry. It requires implements and tools to turn these into a state for consumption. These implements can be regarded as capital. That being the case, it is a foolish policy as any financier will tell you to tax capital. Yet a heavy tax is put upon these. The reason why we advocate a lower tariff on implements is that it will make the finished product that much cheaper. In this manner, production will increase.

Our policy is not a tariff for protection of special interests but simply a tariff for purposes of raising revenue. The present tariff must be revised to help production. Where it bears too heavily on any one class it should be lowered and this is the case regarding implements and tools.

I might quote from many more speeches and publications but I think these should suffice to disclose what was said by me during the campaign of 1921 as to the Liberal policy on the tariff.

I submit, Mr. Speaker, that after listening to what I have quoted no hon. member with a sense of fair play can say that in the last campaign the Liberal party did not make its position known with respect to a reduction in the tariff on implements of production, as we are seeking to carry it out at the present time. These few quotations—only a few out of the total number—show that during the campaign on every platform—I repeat, on every platform—I emphasized the two outstanding features of the Liberal policy: Reduction of the cost of living by a reduction of some of the duties on the necessaries of life, and by a reduction of duties on the implements of production in the basic industries of agriculture, lumbering, mining and fishing. That was the line of policy which Liberals took in the general election. It was in virtue of what was then represented that we were returned to power. If we have not sooner carried out that policy in the measure which we have to-day, it is because we also stated that we would have to have regard for revenue, and until we got to the point where we were able to balance our budget and to reduce taxes, we did not feel justified in taking the step we have now taken. But having come to that point, having found we were able to save the people $24,000,000 in taxes, we have taken the first opportunity we have had to carry out in a consistent and real way the pledge and the promise which we made the people, and on which we were returned, namely, to reduce the duties on the implements of production in the basic industries enumerated in the budget.

Now, Sir, let me say a word or two with reference to the amendment moved by the hon. member for Centre Winnipeg (Mr. Woodsworth). After listening to the quotations I have read my hon. friend will see that the Liberal party is committed to reduce the duties on the necessaries of life to help bring down the cost of living. I submit that we are doing this in the most effective way when we reduce the duties on the implements of production in these basic industries, because as I have shown this afternoon, and I think conclusively, as you cheapen the raw material in these basic industries you help in the course of the natural working out of things to reduce the prices of commodities as they become available for consumers from one end of the country to the other. In that way we feel we are doing a great deal. But in the preceding sessions we have also done quite a little in the way of reducing duties on implements of production and also on some of the necessaries of life, and those reductions must be taken into account in considering what we are doing to reduce the cost of living. Also, what we have done by way of reduction of the sales tax should not be lost sight of. I am sure my hon. friend will agree with me that there is no desire on my part not to have everything done that can be done for consumers; but there are ways of and times for doing all things. You can go so far; if you go too far you sometimes do harm in the direction in which you wish to do good.

9 p.m.

The amendment is as follows:—

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

Whereas the budget proposals would seem to indicate the recognition by the government of the necessity for a fiscal policy designed to encourage industries based upon the development of the natural resources of the country, and to afford some alleviation of the financial burdens bearing upon the people;

And whereas the condition of such industries and the position of consumers in general is such as to demand relief

Therefore, be it resolved:—

That the best interests of Canada will be served by an immediate and substantial reduction of the tariff on the necessaries of life including foodstuffs, clothing and building materials;

And further that it is desirable.

(a) That the income tax should be so readjusted as to bear more heavily on unearned incomes;

(b) That unimproved land values including all natural resources should not be exempt from taxation; and

(c) That a graduated inheritance tax on large estates should be considered.

There are several reasons why it seems to me the amendment should not receive the support of hon. members and why the government is unable to accept it. In the first place, it commits us, as I have indicated, to new methods of taxation or to alterations in existing methods. Apart altogether as to whether such changes might or might not be in the national interest, I submit that there has been no opportunity given either the government or the House to consider their possible operation and effect. I shall not question, Mr. Speaker, your ruling to the effect that the amendment is in order. I doubt if it would have been so ruled save to permit of greater freedom of discussion in debate, but I would submit that the grounds are very strong for rejecting any amendment to the budget which commits the House and the country to forms of taxation into the possible consequences of which neither the House nor the government has had opportunity to inquire. As I say, the proposals may be good in themselves; each of the proposals made has much to commend it, and something to be said against it, but this is not the time nor the occasion to pass upon them.

In the second place, the amendment, I think, fails to recognize some of the existing conditions of which account should be taken just at this time in any extensive revision of the tariff with respect to the so-called necessaries of life, conditions of which the government has been fully cognizant and has taken very fully into account. Not a little has been said in the course of this debate of the effect of depreciated currencies in countries overseas upon the price of many articles which materially affect the cost of living; boots and shoes, textiles, clothing, foodstuffs and the like, have been mentioned more particularly. It has been pointed out that where articles are imported from countries whose currencies are depreciated the effect of the tariff remaining as it is, is to permit what is equivalent to reduction in the existing duties.

I may say quite frankly that the government has recognized the existing situation in this regard. We agree that in their operation, the one upon the other, the two are interrelated.—the effect of the tariff and the effect of depreciated currencies.

We recognize further that the matter is a very involved one requiring the most expert and minute examination, an examination which the Department of Finance as at present organized is not in a position to give.

To the manufacturers and dealers who have been urging us to increase the tariff on account of the effect of depreciated currencies abroad, we have frankly said such a step could not well be taken at this time without considering the whole question of tariff revision with respect to the necessaries of life. That by refraining from any general downward revision, such as is suggested in the amendment of the hon. member for Centre Winnipeg (Mr. Woodsworth), we were, while recognizing the effects of depreciated currencies, meeting them in a manner which seemed equitable and just: and similarly I would say to my hon. friend, and those who may have thought of supporting his amendment, that by refraining at this time to grant additional tariff considerations to manufacturers in this country to offset the additional competition which has come through depreciated currencies overseas, we have in effect, in addition to what we have already done in reducing duties on the necessaries of life, been giving to the consumers of Canada the full benefit of whatever in this regard may be to their advantage.

May I at this juncture say that the government is in sympathy with the view which has been expressed by many hon. members in different parts of this House, that there should be in the Department of Finance, in addition to the one or more persons who at present act as advisers to the minister on tariff matters, other persons with special knowledge or specially qualified to obtain exact information with respect to just such questions as the operations of depreciated or appreciated currencies upon the tariff, and the operation of existing tariffs and suggested or needed tariff changes, upon industry and upon revenue: a body of experts to be known as a tariff committee or a tariff board, or by some other suitable designation, whose duty it will be to give continuous time and attention to tariff matters, so that the Minister of Finance, in making his tariff proposals or suggesting tariff revisions to the House may do so in the light of the fullest expert and exact knowledge of the situation in all its bearings.

Hon. members will have noticed that it was announced in the Speech from the Throne, that:

Legislation will be introduced making provision for consolidation of the revenue collecting services of the government under one administrative head. With a view to simplifying and improving the existing system,

it is also proposed to constitute a board to investigate and study the various modes of taxation.

I shall not anticipate what may be said upon the legislation to be introduced by outlining its provisions at the present moment; I would like to point out, however, that this announcement in the Speech from the Throne constitutes an additional reason why the amendment of the hon. member for Centre Winnipeg is most inopportune and should not be accepted at the present moment. It is, amongst other things, to study and investigate just such modes of taxation as the hon. member has suggested, viz. the readjustment and extension of the income tax to bear more heavily upon unearned incomes, a direct tax upon unimproved land values, and the institution of a graduated inheritance tax on large estates, that the board is to be appointed. It might also inquire into the simplification of income tax returns.

Some have suggested that this board should be the one to which should be assigned the investigation and study of the tariff as well as all other modes of taxation. That, I think, is a suggestion deserving of the most careful consideration. There is much to be said for it, and much to be said against it. There is no reason, however, why the personnel of such a board might not, if thought advisable, be utilized in whole or in part in the manner suggested, either as members of a separate tariff board, or as a board on taxation including an investigation and study of the tariff along with other modes of taxation. That point, we are not, however, called upon to decide at the moment. It is sufficient for my present purpose to say that the government is of the opinion that expert and exact knowledge to be obtained in the manner mentioned should precede any general tariff revision, such as is suggested by the hon. member for Centre Winnipeg in his amendment, and that such revision should take into account the operation of depreciated currencies as well as other factors affecting the tariff.

I wish to say this, however. So far as the tariff changes of this year are concerned, and I say this more particularly to my friend from North Waterloo (Mr. Euler), these tariff changes were not made in the dark. There was nothing haphazard about them. There was no singling out of any one particular industry or of any one class of industries. It was simply carrying out the policy that was laid down at the general election, and which has been a part of the Liberal policy from the time the Liberal convention was held.

There is one point, however, I should like to make clear whilst speaking on this matter, and that is that a tariff board such as I have described, is not to be confused with a tariff commission, as some have suggested, which should operate wholly apart from the government or the Department of Finance, and which would take from the government of the day and this House of Commons responsibility with respect to the tariff to be imposed. It must never be forgotten that a customs tariff is a tax, and that the control of taxation is the supreme right of the Commons, and that the responsibility for taxation must be that of the government under which it is imposed. What is proposed and meant is a board for purposes of investigation and study of tariff problems which shall act in an advisory capacity to the government, it being recognized that with the need for revenue what it is to-day as compared with earlier years, to say nothing of the changed and constantly changing conditions of the world, and the increasing importance and magnitude of the country's business, there is need also for the most enlightened judgment in all matters of tariff policy.

I come now to the last of the reasons why the amendment should not be accepted, and why the government in the proposals it has brought down should receive the hearty unqualified support of all who regard a reduction in the cost of living and in production costs as essential features of Liberal and Progressive policy. It is, that taken as a whole, and in connection with what has been accomplished in previous budgets, both these aims are in large measure being achieved in the budget proposals before the House. I hope the House will give me permission to place on Hansard tables showing what has been done in that regard.

Let me touch upon this matter under three heads: What has been, and is being done with respect to first, duties on the implements of production in the basic industries, of agriculture, lumbering, mining and fishing; second, duties on the necessaries of life; and third, the exemptions under the income tax.

The total reductions effected in production costs through the reductions in duties upon the instruments of production are perhaps best shown in a descriptive statistical table which I have prepared and which with the permission of the House I should like to be permitted to have inserted in Hansard as it stands. It gives the rates of duties as they were when the present government assumed office in December, 1921, and the rates of duty as they will be when the proposed reductions go into effect, account being taken in this connection of such reductions as were made

by the budget proposals of 1922 and 1923 as well as those of the present year.

In addition to the reductions in customs duties it should be remembered that when the present government came into office there was a sales tax affecting the articles mentioned in the table which figured out to practically three per cent on the selling price of these articles when of domestic manufacture and to four per cent on imported articles. The sales tax on these articles—with the exception of but two items—no longer exists, so that the total savings effected by the government through reductions in customs duty and sales tax combined, in respect of the articles mentioned, would really be three and four per cent more than the figures given in the column under 'reductions".

Table showing the reduction in rates of customs duties on instruments of production in the basic industries of agriculture, mining, lumbering and fishing, under the three budgets of the present Liberal administration.

Agricultural Industry.

Items	Rate of Duty		Reductions			
	1921	1924	1922	1923	1924	Total
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.
Farming—						
Mowing machines, harvesters, binders, reapers—						
Preferential	12½	Free	5	.....	7½	12½
Intermediate	12½	6	2½	.....	4	6½
General	12½	6	2½	.....	4	6½
Cultivators, harrows, horse rakes, seed drills, manure spreaders and weeders—						
Preferential	10	Free	.....	.....	10	10
Intermediate	15	7½	2½	.....	5	7½
General	15	7½	2½	.....	5	7½
Ploughs, threshing machines and complete parts thereof—						
Preferential	12½	5	2½	.....	5	7½
Intermediate	17½	10	2½	.....	5	7½
General	17½	10	2½	.....	5	7½
Farm or field rollers, post hole diggers, hay loaders, stumping machines, grain crushers, potato diggers, hay tedders and other agricultural implements—						
Preferential	12½	5	2½	.....	5	7½
Intermediate	20	10	5	.....	5	10
General	20	10	5	.....	5	10
Axes, scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, rakes and pronged forks—						
Preferential	15	10	.....	.....	5	5
Intermediate	20	15	.....	.....	5	5
General	22½	20	.....	.....	2½	2½
Shovels and spades—						
Preferential	20	10	.....	.....	10	10
Intermediate	30	15	.....	.....	15	15
General	32½	20	.....	.....	12½	12½
Farm wagons—						
Preferential	15	5	5	.....	5	10
Intermediate	20	10	5	.....	5	10
General	20	10	2½	.....	7½	10
Fertilizers—						
Preferential	5	Free	.....	.....	5	5
Intermediate	7½	Free	.....	.....	7½	7½
General	10	Free	.....	.....	10	10
Machinery of a kind not made in Canada for manufacture of fish meal, stock and poultry food and fertilizers from fish and fish waste—						
Preferential	15	Free	.....	.....	15	15
Intermediate	25	Free	.....	.....	25	25
General (*See note (a)*)	27½	Free	.....	.....	27½	27½

AGRICULTURE—*Continued*

Items	Rate of Duty		Reductions			
	1921	1924	1922	1923	1924	Total
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.
Farming—Continued. (*See note (b)*)						
Articles which enter into cost of manufacture of fertilizers—						
Preferential	Various	Free	.....	.....	2-3	2-3
Intermediate	Various	Free	.....	.....	2-3	2-3
General	Various	Free	.....	.....	2-3	2-3
Non-alcoholic liquid preparations for disinfecting, dipping or spraying—						
Preferential	20	10	10	.....	.....	10
Intermediate	25	15	15	.....	.....	10
General	25	20	20	.....	.....	15
Rolled iron, rolled steel and pig iron when imported for use in manufacture of agricultural implements—			Draw back			
Some items	99	Free	.....	.....	1	1
Other items	30	Free	.....	.....	70	70
Articles which enter into the cost of the manufacture of agricultural implements—						
Preferential	15 -30	5	.....	.....	10 -25	10 -25
Intermediate	17½-35	6	.....	.....	11½-29	11½-29
General	17½-37½	6	.....	.....	11½-31½	11½-31½
(*See note (c)*)						
Fruit Growing— Spraying machines, fruit or vegetable grading machines, pruning hooks, pruning shears—						
Preferential	12½	5	.....	.....	5	7½
Intermediate	20	10	5	.....	5	10
General	20	10	5	.....	5	10
Poultry Raising— Incubators for hatching eggs; brooders for rearing young fowl—						
Preferential	12½	5	.....	.....	5	7½
Intermediate	20	10	5	.....	5	10
General	20	10	5	.....	5	10
Dairying— Milk cans—						
Preferential	20	12½	7½	.....	.....	7½
Intermediate	27½	17½	10	.....	.....	10
General	30	20	10	.....	.....	10
Milking machines, centrifugal machines for testing butter fat, milk or cream—						
Preferential	12½	5	.....	.....	5	7½
Intermediate	20	10	5	.....	5	10
General	20	10	5	.....	5	10

Notes *re* Agriculture:—

(a) While it is not possible to make any accurate estimate, it is considered the reduction would be a least two or three per cent.

(b) The change made under these items, apart from the actual increase of drawback, means a great advantage to manufacturers in that it does away with the keeping of accounts and advancing moneys. Another benefit to manufacturers is that materials on hand April 11, 1924, which enter into the cost of implements mentioned will be subject to a drawback of 99 per cent.

(c) These items were subject to various rates of duty, but on the principal items the duties were as indicated.

The agricultural industry was also benefited in 1922 by the exemption from sales tax of fibre used in the manufacture of binder twine.

MINING AND QUARRYING INDUSTRY

Items	Rate of Duty		Reductions			
	1921	1924	1922	1923	1924	Total
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.
Ore crushers, rock crushers, coal augers, stamp mills, rock drills, percussion coal cutters, etc.—						
Preferential	15	10	.....	.....	5	5
Intermediate	25	15	.....	.....	10	10
General	27½	20	.....	.....	7½	7½
Coal washing machinery, coke-making machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas—						
Preferential	15	7½	.....	.....	7½	7½
Intermediate	25	10	.....	.....	15	15
General	27½	12½	.....	.....	15	15

LUMBERING INDUSTRY

Saw mill machinery—						
Preferential	15	10	.....	.....	5	5
Intermediate	25	15	2½	.....	7½	10
General	27½	20	2½	.....	5	7½
Logging machinery which includes logging cars, blocks and tackle, yarders and practically all machinery used exclusively for logging operations—						
Preferential	15	10	.....	.....	5	5
Intermediate	25	15	2½	.....	7½	10
General	27½	20	2½	.....	5	7½
Logging wagons—						
Preferential	15	5	5	.....	5	10
Intermediate	20	10	5	.....	5	10
General	20	10	2½	.....	7½	10

FISHING INDUSTRY

Manilla rope not exceeding 1½ inches in circumference when used exclusively for the fisheries—						
Preferential	20	free	free	.....	.....	20
Intermediate	22½	free	free	.....	.....	22½
General	25	free	free	.....	.....	25
See notes (*d*) and (*e*)—						
Marline—						
Preferential	20	free	.....	.....	20	20
Intermediate	22½	free	.....	.....	22½	22½
General	25	free	.....	.....	25	25

NOTES ON FISHING INDUSTRY—

(d) Prior to 1922 manilla rope was restricted to rope used in holding traps in lobster fisheries; in 1922 the budget extended the free list to include rope used in all fisheries.

(e) Prior to 1924 the duty exemption applied only to "barked" marline: the exemption now applies to all marline, which means some additional saving to fishermen and does away with considerable annoyance.

It is to be noted, also, that the fishing industry was benefited in 1922 through the removal of the sales tax on manilla fibre for use in the manufacture of rope for the fisheries; by the removal of the sales tax on boats purchased by individual fishermen for their own use in the fisheries; and on articles and materials used in the manufacture of similar boats.

GENERAL INDUSTRY

Items	Rate of Duty 1921	Rate of Duty 1924	Reductions 1922	Reductions 1923	Reductions 1924	Reductions Total
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.
Machinery and parts and dies valued at more than $500 of a kind not made in Canada—						
Duties on principal items—						
Preferential	15	60 p.c. draw-back	.....	6	.....	6
Intermediate	25		.....	10	.....	10
General	27½		.....	11	.....	11
See notes *(f)* and *(g)*—						

NOTES ON GENERAL INDUSTRY—
(f) Reduction calculated on basis of 60 per cent drawback.
(g) The Government has also by recent amendments made reductions in many articles that enter into the construction, equipment or repair of blast furnaces.

Coming now more particularly to reductions in the costs of living. It should be pointed out that the most effective way to reduce the cost of living is to reduce the cost of production of the articles that go to make up the necessaries of life, such as foodstuffs, clothing, boots and shoes, and building materials. That is what has been done by every change in the nature of remission or abolition of customs duties and sales tax upon the instruments of production. It will take time to disclose the full effects in this regard, but that it will be very far-reaching there cannot be a shadow of doubt. We have stressed the advantage of the proposals of the present budget to those engaged in the basic industries and in particular to the farming community. We might, and should, stress with equal force the effect upon consumers generally, for the benefits thus derived through a remission of taxation cannot fail to be passed along and shared directly, as well as indirectly, by consumers generally, viz., the people of the country as a whole.

In addition to this, however, the government has made numerous other changes in the tariff and the sales tax on articles more particularly in the nature of necessaries of life, foodstuffs, clothing, boots and shoes, of immediate and direct benefit to consumers. True it is that, taken item by item, these do not appear large in amount, but taken in the aggregate they should have, and are in fact having, a very appreciable effect in reducing the cost of living in this country.

I have assembled in the form of a tabular statement considerable reductions in duties on the necessaries of life which this government has made and which if permitted I should also like to place on Hansard:

TABLE showing partial list of reductions in rates of duties on some of the articles entering into the cost of living under the three budgets of the present Liberal administration.

Article	Rate of Duty 1921	Rate of Duty 1924	Reductions 1922	Reductions 1923 (10 p.c. Discount on British Preference)	Reductions Total Reductions
	p.c.	p.c.	p.c.	p.c.	p.c.
Textiles—					
Flannels	22½	18	2½	2	4½
Yarns	20	18	.....	2	2
Wool fabrics	30	24½	2½	2¾	5¼
Underclothing	22½	18	2½	2	4½
Stockings	25	22½	.....	2½	2½
Wool clothing and tweeds	30	24¾	2½	2¾	5¼
Blankets part	30	20¼	.....	.....	part 9¾
"	25				" 4¾
"	22¼				" 2¼
Cotton fabrics (dyed)	25	20¼	2½	2¼	4¾
Cotton thread	17½	15¾	.....	1¾	1¾
Rugs and carpets	25	22½	.....	2½	2½
Ribbons	22½	20¼	.....	2¼	2¼
Corsets	25	20¼	2½	2¼	4¾

TABLE showing partial list of reductions in rates of duties on some of the articles entering into the cost of living under the three budgets of the present Liberal administration—*Concluded.*

Article	Rate of Duty		Reductions		
	1921	1924	1922	1923 (10 p.c. Discount on British Preference)	Total Reductions
	p.c.	p.c.	p.c.	p.c.	p.c.
Hats, caps, gloves	22½	20¼	.....	2¼	2¼
Umbrellas, ;parasols	22½	20¼	.....	2¼	2¼
Collars and cuffs	25	18	5	2	7
Boots and shoes, pegged or wire fastened, with unstitched soles close edged	17½	15	2½	.....	2½
Boots, shoes, slippers and insoles of any material, n.o.p	20	15¾	2½	1¾	4¼
Sugar, above No. 16 Dutch standard in colour and all refined sugars—					
Preferential Tariff	$1.50 to $1.79 per cwt. according to test	.....	$1.33 to $1.59 per cwt. according to test	0.83 cts. to $1.09	67 to 70 cts. per cwt.
Intermediate and General Tariff	$2.00 to $2.39 per cwt. according to test	.....	.....	$1.50 to $1.89 per cwt. according to test	50 cts. per cwt.
Sugar for refining and sugar n.o.p. and sugar not over No. 16 Dutch standard in colour—					
Preferential Tariff	70 to 87.25 cts. per cwt:	.....	.....	35 to 46·50 cts. per cwt.	35 to 40·75 cts. per cwt.
Intermediate and General Tariffs	$1·1608 to $1·8325 per cwt.	.....	.....	81·08 to $1·4250 per cwt.	35 to 40·75 cts. per cwt.
Tea—					
Preferential	7 cts.	7 cts.	.....	2½	2½
Intermediate	10 cts.	7 cts.			
General	10 cts.	10 cts.			

While the duty on tea is a rate per pound, the *ad valorem* rate on the basis of value imported and duty paid for the fiscal year ended March 31, 1923, would equal 26·4 p.c.

In addition to the reductions in taxation made by reductions in customs duties on many articles which bear immediately and directly upon the cost of living, the government has also made far reaching reductions by abolition of or reduction in the sales tax on an even much larger number of articles. Besides the total remission of the sales tax, already mentioned, on instruments of production, and which should be reflected pretty generally on reduced prices in the necessaries of life, there are many articles of daily use on which the sales tax has been completely abolished and others on which it has been considerably reduced. On all articles that have not been exempted from the sales tax there is under the present budget a reduction from 6 per cent to 5 per cent. As respects the following articles the tax has been altogether removed, or reduced as indicated:

STATEMENT showing a partial list of reductions in or abolition of sales tax on some of the articles entering into the cost of living under the three budgets of the present Liberal administration.

Article	Sales Tax			
	1921	1922	1923	1924
	p.c.	p.c.	p.c.	p.c.
Foods—				
Buckwheat meal	3–4	Free	Free	Free
Condensed, evaporated and powdered milk	3–4	Free	Free	Free
Pea meal	3–4	Free	Free	Free
Salt	3–4	Free	Free	Free
Rolled wheat	3–4	Free	Free	Free
Extract of rennet	3–4	4½–6	6	Free
Ice cream	3–4	4½–6	6	Free
Sago and tapioca	3–4	4½–6	6	Free
Rice, cleaned	3–4	4½–6	6	Free
Macaroni and vermicelli	3–4	4½–6	6	Free
Meats, salted or smoked	3–4	4½–6	6	Free
Foods—				
Cereal foods and milk foods	3–4	4½–6	6	Free
Canned vegetables	3–4	4½–6	6	2½
Canned fruits	3–4	4½–6	6	2½
Jams and jellies, and preserved fruits	3–4	4½–6	6	2½
Biscuits of all kinds	3–4	4½–6	6	2½
Syrups	3–4	4½–6	Free	Free
All other food items, not exempted	3–4	4½–6	6	5
Boots and shoes, including rubber footwear	3–4	4½–6	6	2½
All other clothing items not exempted	3–4	4½–6	6	5

Three per cent is the rate on domestic goods which would be slightly increased by the tax on the raw materials imported. Four per cent is the rate on imported goods for retailers and consumers.

A further important reduction was in coverings used exclusively for covering goods not subject to sale tax. These include cheese boxes, butter boxes, fruit packages, etc., and constitute a very material reduction.

These, Mr. Speaker, may be cynically described as trifles, but they are all making for perfection in the reduction in the cost of living in our country and perfection as we were told a day or so ago, is no trifle! The truth is, taken collectively, they constitute a far-reaching reduction in the cost of living from one end of our country to the other.

To these as effecting a reduction in the cost of living should be added the additional income tax exemptions which the budget grants.

I apologize for occupying so much time but before concluding there are two other subjects on which I should like to say something.

Some hon. MEMBERS: Go on.

Mr. MACKENZIE KING: I want to clear up what seems to me a serious misapprehension with respect to the Laurier-Fielding tariff. In the course of this debate it has been intimated that the government was departing in the proposed reductions of customs duties from the Laurier-Fielding policy with respect to the tariff. This was the ground, I think, upon which my friend, the honourable member for St. Lawrence-St. George in Montreal based his objection to the budget. He claimed that he had assured his constituents that if returned to parliament he would in tariff matters follow the Laurier-Fielding policy. If that be true—and knowing my honourable friend as I do, I am sure it is true,—he ought, before it is too late, to reverse his declared intention, and continue his support of the administration upon the tariff proposals in the present budget as in all other particulars.

I contend, Sir, that there is nothing in the budget proposals which is not in complete accord with the Laurier-Fielding policy. That indeed the changes I have referred to are in fullest accord. How are we to judge of the Laurier-Fielding policy with respect to tariffs unless it be that we have regard for declared principles as advocated and supported by these great men in their efforts to mould the thought and opinion of the country on tariff matters.

If we take the political careers of Sir Wilfrid Laurier and the Right Honourable Mr. Fielding during the years they were associated in their efforts on behalf of Liberalism and the Liberal party, we find they fall naturally into three main divisions: The years prior to 1896 when the Liberal party was in opposition; the fifteen years of Liberal administration, 1896-1911, during which the Liberal party held office—the golden era

of progress and prosperity in Canada—and the years succeeding 1911 when the party was again in opposition up to the time of Sir Wilfrid Laurier's death in February, 1919.

I shall not attempt to review much less to enumerate the specific tariff measures advocated, supported and promoted in common by Sir Wilfrid Laurier and Mr. Fielding during the quarter of a century in which together they were the joint exponents of Liberal policy in the matter of tariff, but I will appeal to the record and challenge any one to show wherein, in any one of the three periods I have mentioned, the declared aim, purpose and achievement of Sir Wilfrid and Mr. Fielding in expounding Liberal doctrine was not in full harmony and accord with the action of the present government in reducing duties; reducing duties in particular on the instruments of production in the basic industries of our country, over and above all in the basic industry of agriculture. The record will establish beyond all doubt that the Laurier-Fielding tariff was one not of increased taxation, but of a lowering of taxation with respect to production and living costs.

Let me take first the period prior to 1896. In 1893 the Liberal party held a convention at which were passed two important tariff resolutions declaratory of the party's policy on tariff matters. The first declared the principle on which the customs tariff of the Dominion should be based. The exact words in this particular were "not, as it is now, upon the protective principle, but upon the requirements of the public service". It went on to speak of the evils which the tariff based upon the unsound principle of protection had occasioned and set forth that "the highest interests of Canada demand a removal of this obstacle to our country's progress by the adoption of a sound fiscal policy, which, while not doing injustice to any class, would promote domestic and foreign trade, and hasten the return of prosperity to our people". The resolution went on to declare that the tariff should be reduced to the needs of honest economical and efficient government and to promote freer trade. The second resolution on the tariff was one in favour of reciprocity in trade with the United States.

It was on this policy of tariff reduction, a policy which denounced the principle of protection as radically unsound, that the Liberal party, under Sir Wilfrid Laurier's leadership was returned to power in the general elections of 1896, and that Mr. Fielding entered the Laurier administration as Minister of Finance.

Then followed the fifteen years of Liberal administration. Early in the session of 1897 the new Liberal government passed the first measure of tariff reform, whereby 47 articles were added to the free list, and duties were reduced on 147 others, including farm implements. This was the first instalment of the Laurier-Fielding tariff, a tariff which reduced duties, and which included in the reduction duties on agricultural implements. Then came a second instalment of the Laurier-Fielding tariff in the same year. A preference of 12 per cent granted to the goods of Great Britain coming into Canada, with provision to grant a further preference of 12 per cent in the following year. In the years which followed other items were added to the free list, other duties were reduced, the British preference was further increased and at the time of the general elections of 1900 stood at 33⅓ per cent.

The session of 1901 followed close upon the return to power of the Liberal government. If honourable members will look up the budget speech delivered by Mr. Fielding on that occasion, they will find the Laurier-Fielding tariff policy set out in the following words "The tariff policy we have to offer to-day is the tariff policy which we adopted in 1897 and which we have continued up to the present time". Note the date 1897, the usual tariff revision downwards. In the years that intervened before the next general election more reductions were made in the tariff, more additions were made to the free list. Especially was this true of the year 1904 when 14 articles were put upon the free list, and the duties materially reduced on 14 others.

In the fall of 1904 the Liberal party was again returned to power. The government announced at the session in 1905 that there would not be any changes of an important character during the year. In 1906 a committee of the cabinet made an extended tour of the country inquiring into the desires of the people of all classes in regard to the tariff and promptly at the beginning of the session of 1906-07 the government presented a full revision of the Canadian tariff in what is usually cited as the Customs Tariff, 1907; reductions in the duty on many articles were provided for, readjustments involving increases were made in some cases as the results of experience in the operation of the tariff of 1897 and the free list was enlarged by a number of important additions. If reference is to be made to general tariff revisions, this may I think be appropriately termed the second Laurier-Fielding tariff the first being the tariff of 1897 which Mr.

Fielding had said in 1901 was the one the government had to offer that day, and which had been continued. I shall not attempt to enumerate or review by items the changes in the tariff effected by this tariff of 1907, but inasmuch as we are being told that to be consistent, to be honest, to be true, we should follow the Laurier-Fielding tariff, I think I should give some indication of the nature and trend of that particular tariff revision. Here are some of the reductions of tariff I find:

On reapers, mowers, self binders, binding attachments and harvesters, duty reduced from 20 to 17 per cent.

On windmills and complete threshing machine outfits, duty reduced from 25 per cent to 20 per cent.

On axes, scythes, sickles, hay knives, edging knives, hoes, rakes and pronged forks, duty reduced from 25 per cent to 22½ per cent.

On shovels, spades, shovel and spade blanks, and iron or stool cut shapes for the same and for lawn mowers, duty reduced from 35 per cent to 32½ per cent.

Among the items added to the free list by the new tariff of 1907 were machinery for the manufacture of twine, cordage rope, linen and for the preparation of flax fibre, blast furnace slag, trucks of a kind not made in Canada; parts of miners' safety lamps and accessories, blast furnaces for the testing of copper and nickel, well-drilling machinery for boring and drilling for water, whether made in Canada or not.

Taken by and large the Laurier-Fielding tariff of 1907 presents striking similarities, particularly as respects the instruments of production in the basic industries, and especially the industry of agriculture, to the tariff proposed by the hon. the Acting Minister of Finance. If it is upon the basis of the Laurier-Fielding model that the budget of my hon. friend is to be judged, then I think it is clear beyond possibility of contradiction that he is entitled to all the support that can be given him.

Now Mr. Speaker, I may say that the words "Laurier-Fielding tariff" cannot have any meaning unless they relate to the principle upon which the tariff was framed. Surely no hon. member pretends we were to have to-day the exact tariff of Mr. Fielding's and Sir Wilfrid Laurier's day. If they do so will it be found in the tariff of 1896 or in the tariff of 1907 with their many modifications? The only possible meaning that could have been attached to the expression Laurier-Fielding tariff as used by leaders of the Liberal party, is that if we were returned to power we would proceed with respect to the tariff on the same principle, in the same manner and method as the Liberal party proceeded when Mr. Fielding introduced the Laurier-Fielding tariff.

If there is any doubt on that let us consider the third period, the period subsequent to 1911, when Sir Wilfrid Laurier again stated his position in this House. Surely when up to the time of his death he was fighting for certain tariff principles, he was giving expression to the Laurier-Fielding tariff. When he was in this House after 1911 what did Sir Wilfrid stand for? Why, when my right hon. friend opposite and his friends proposed tariff increases he fought them, opposed them, denounced them. He said that what was needed was not an increase in the tariff, not a tariff based on the principle of protection, but a revision downward; a tariff based on the principle of revenue. All his speeches were to that effect. Not one speech that Sir Wilfrid made contradicted anything in the line of policy that he or Mr. Fielding had advocated.

In the general elections of 1917 in Sir Wilfrid's appeal to the electors, I ask my hon. friends who attach importance to the Laurier-Fielding tariff to tell me what he said. When that appeal was made in 1917 he stated in his manifesto what he thought should be done in regard to the tariff, he told the electors that if returned to power he would reduce the duties on articles that affected the cost of living and on the implements of production in the basic industries. But more than that, the last speech Sir Wilfrid Laurier made in his life was made in this city at a meeting of the Eastern Ontario Liberal Association, held on January 14, 1919. I have a report of that speech in my hand. Can we find any more authoritative interpretation of the Laurier-Fielding tariff than a statement of what our great leader said in reference to the tariff at that time and on that occasion? I say that it is the only statement that anyone has a right to quote as authoritative. Here are Sir Wilfrid's words:

> In this country, Sir, Liberals have always been the disciples of the British people on the question of commercial freedom. Indeed, many years ago,—when you recall that time to-day—in the resolution which was passed upon this subject at the convention of 1893, we declared against the principle of protection, and when we had the opportunity we lived up to our declaration. Sir, it has always been made a cause of reproach to us that when in office we did not adopt but were recreant to our declarations. Such a reproach cannot reach us. We were not recreant, we proceeded step by step towards the goal, always keeping it in view, never imposing a duty for protection's sake, but always acting upon the principle or the basis of a tariff for revenue and revenue only. This was our policy in the past, it is our policy to-day and we have taken this occasion to re-affirm it ....

That was sounding the death knell of protection just as the Minister of the Interior meant the words when he used the phrase the other day. I make this assertion in his hearing and he applauds it. No more tariffs based on the principle of protection—as set forth in the resolution of the Tory party, moved in this debate too late to be accepted—but a tariff based on the principle of revenue.

That was "our policy" in the past—the Laurier-Fielding policy. The words can have no other meaning. That is our policy to-day—the policy of the Liberal party—proceeding step by step towards the goal of greater freedom in matters of trade, never imposing a duty for protection's sake, but always acting on the principle or the basis of a tariff for revenue and revenue only. I repeat this statement in the hearing of hon. members and before this country, this is the position of the Liberal party. We believe in proceeding step by step. We believe when it comes to a question of imposing a duty in having duties framed on a tariff for revenue basis and not on the basis of protection.

One reference to a word which has been much called in question in this debate. A great deal has been said about the Right Hon. Mr. Fielding's reference to stability in his budget speech of last year. I notice that hon. members, when they attack the government either in reference to the Laurier-Fielding policy or in reference to stability, give to the phrase or the word their own meaning, and then tell us that we are putting a false meaning upon it. I contend you cannot take any word and separate it from the context in which it is used, and I say the right hon. Minister of Finance did not mean by tariff stability, any such thing as immobility, finality, stagnation or permanency. One hon. gentleman said something a day or two ago to the effect that the Minister meant the tariff should be permanent. Had he meant so he would have said so. Mr. Fielding was very careful to say that of all the things in the world that could not be permanent the one thing was the tariff. It had to be changed. There had to be adjustments to suit the needs of the time. He made that very emphatic. But after he had spoken hon. members began to take up the word stability and to use it for partisan political ends, to make it synonymous with finality. Before the debate was over I had occasion to say a few words on Mr. Fielding's reference to stability. My statement was made in the presence of the right hon. the Minister of Finance. I made it standing here while he was at my side, and he never questioned the interpretation I put upon his use of the word. My words were said with a full knowledge on the part of my colleagues that they would be said. They were stated in order to make clear to the people of the country the meaning intended to be attached to that word, and I claim, Mr. Speaker, I had some right in the name of the Liberal party to say what meaning should be attached to that word. My words will be found on Hansard at page 3052 of the debate of May 23, 1923, as follows:

> Stability does not mean finality. I notice that some hon. gentlemen opposite have sought to combine the two words. If there was one thing above another which the hon. Minister of Finance was most careful to emphasize when he spoke of stability, it was that as regards all legislation, and in particular as regards the tariff, there was no such thing as finality. He spoke particularly and specifically of the probable need for change as respects some items of the tariff affecting consumers and in relation to the necessities of production.

Elsewhere, I pointed out that Mr. Fielding could not have meant by stability no change for he had concluded his speech by saying that at the very first moment the party had the opportunity, they would go to the country on reciprocity, which meant a change in tariff all along the line.

But I have something that is even more authoritative as illustrating the significance and meaning to be allotted to the word. I have Mr. Fielding's own words where he uses the word "stability" in reference to the tariff changes. It was a word that Mr. Fielding was fond of using, that he had used many times in the course of his public life in addressing audiences. When he was speaking in the House of Commons in 1907, when he was bringing in the budget of 1907 that made the changes in the tariff that I have read to the House to-night, the reduction on implements and the like, he made use of the phrase "tariff stability" in relation to the period of nine years which had preceded it. If hon. members will look at Hansard of May 22, 1906, at page 3839, they will find that Mr. Fielding used the following words, speaking of the inquiry which he and certain of his colleagues had had with a view to a subsequent revision of the tariff, and of the revision which he intended to make, but which had not yet been made. This was in 1906:

> We hope, during the recess, if this session does not extend to too great length, to take up that work...

That was the revision of the tariff.

> ...and at the November session, unless there should be delays in the present session, to cause a change in that programme, we hope to bring forward a revised tariff—not one which will make any great changes, perhaps...

Hon. members will notice that he says not great changes, but small ones; we shall see what these small changes were.

> ...but one which will meet such new conditions as have arisen; and we hope that we shall have the same mea-

sure of success that we have had in the past, in devising a tariff which will meet the requirements of all interests in the country, and that we shall have again a period of tariff stability under which the industries of Canada will go on and prosper as they have done in the past nine years.

He was speaking in 1906. All the tariff changes that were made in 1897 come within the past nine years, the changes that succeeded in the interval before 1901 and 1904, those changes, those reductions in the tariff, and in the revision to be made there were the further changes, changes with respect to the implements of production in basic industries that I have already quoted. Mr. Fielding uses these words:

We hope to bring forward a revised tariff—not one which will make any great changes, perhaps...

And they were considerable as I have read them to the House.

...and that we shall have again a period of tariff stability under which the industries of Canada will go on and prosper as they have done in the past nine years.

If you will take his thought, you will see that when Mr. Fielding uses the word "stability," he used it always in reference to meeting new conditions that have arisen or may arise. It is not a stationary, stagnant business; it is a matter of making progress and making it in the right direction.

Not one which will make any great changes, perhaps, but one which will meet such conditions as have arisen.

There is the first thing.

...and we hope that we shall have the same measure of success that we have had in the past, in devising a tariff which will meet the requirements of all interests in the country.

There is another phase of it.

...and that we shall have again a period of tariff stability.

In other words, the tariff was not to be something permanent, stationary, immutable, unchangeable and the like, but with tariff stability there was to be progress in the right direction. I might indicate what I think Mr. Fielding had in mind, what seems to be the right interpretation, if I remind the House of a little rhyme which is, I think, familiar with regard to the word "rest". Many persons would like to define rest as idleness, to give it the significance of indolence, doing nothing, marking time. The little rhyme runs:

Rest is not quitting this busy career,
Rest is adjusting oneself to one's sphere.

It is adjusting oneself to one's environment, a going in the right direction, making progress, and it is the same with stability. Whoever spoke of a ship at sea as being stable because it was standing still? When a ship puts out to sea to make from one port to another, we say that she is steady or stable when she is in motion, when she is making headway, according to the way in which she holds her own against the different winds and seas which she encounters. We to-day are following that course. We have come to the moment where we can reduce taxation, and we are reducing it in accordance with what we have promised.

Just a word to the hon. member for Brantford (Mr. Raymond) for whom there is no one that I have greater affection or greater regard, the last member of this House that, if it was within my power to prevent it, I would injure in any way or for that matter the constituency of which he is the distinguished representative. My hon. friend, in the speech that he made some little time ago said:

I am loath to think that the Prime Minister would do anything against the interests of Brantford.

He is right.

In this resolution that was brought before the city council, it is stated that when the Prime Minister was in Brantford before the election he made a promise and a pledge to the people that if he were returned to power, no legitimate industry would suffer. Consequently, we cannot, upon present evidence, condemn the Prime Minister, but we shall not forget his promise.

This afternoon my right hon. friend, in his characteristic way, read a portion of a speech which I made at Brantford, and which contains, I think, the promise to which my hon. friend has reference. I asked my right hon. friend the name of the paper from which he was reading, and he said he was reading from the Montreal Gazette, but he thought the article was from the Brantford Expositor. I have in my hand a copy of the paper and of the article. It is a Canadian Press despatch headed:

Rocks and shoals may divert route of Liberal ship. King will not lay out course by convention tariff chart alone. Brantford meetings.

And so forth. My right hon. friend as I say, read this and also the following:

No legitimate industry is going to be hurt by our tariff policy, Mr. King declared. "But if we find industries taking advantage of the tariff to build up combines and trusts, then, if I have anything to do with it, we will put an end to this amassing of fortunes at the people's expense."

But he did not read this part, and this I would recall to the mind of the hon. member for Brantford as to what I said. It is in the same despatch quoting what I said at Brantford when I was supporting him at his election:

Mr. King reiterated that the Liberal party did not stand for free trade. The people now realised this fact. But the tariff must be primarily for revenue, and it must be revised in a manner to bring about an increase in production. Implements used in the basic industries and necessaries of life must be relieved of taxation as far as possible.

There is the statement that I made in Brantford when I went there to support my hon. friend, when I hoped that he would be returned to parliament. I said there the thing which I knew I would have to say some day in this House, because I believed that the Liberal party was going to be returned to power, and I was careful to see that no man in Brantford, because I thought my hon. friend would be returned, or in any other constituency, would be able to chide me with having taken one position in Brantford and another elsewhere. So I took care to say this and the Brantford Expositor records it:

> Implements used in the basic industries and necessaries of life must be relieved of taxation as far as possible.

I did say that industries doing legitimate business would not be injured, and I think I do not need to go further than the words uttered by the leader of the opposition this afternoon to convince the hon. member for Brantford that I have been true to what I then said. The leader of the opposition said this afternoon: "As regards these agricultural implement manufacturers, I do not believe they are going to be hurt," and that is what the country thinks and that is what the implement makers themselves think.

Some hon. MEMBERS: Hear, hear.

Mr. MEIGHEN: The worse the quotation, the more the applause. I did not make the statement which the Prime Minister attributes to me. It is only about three minutes since I read it. I took no responsibility as to what the effect would be. I did say that I did not think it would be very great.

Mr. MACKENZIE KING: I am quite prepared to accept my right hon. friend's latest twist and to take his word.

Mr. MEIGHEN: I will show the Prime Minister the statement in the transcript of Hansard if he calls it a twist.

Some hon. MEMBERS: Order.

Mr. MEIGHEN: I protest against the Prime Minister describing my words as a twist.

Some hon. MEMBERS: Order.

Mr. MEIGHEN: I do not think I shall be much dismayed by the rumble which hon. gentlemen create on the other side.

Mr. MACKENZIE KING: My right hon. friend is rather sensitive.

Mr. MEIGHEN: I do not twist, but I know who does.

Mr. MACKENZIE KING: My right hon. friend is squirming badly now. I was not referring to the words in Hansard, I was referring to his present interpretation. The House is accustomed to the habit of the right hon. gentleman of trying to leave one impression by the use of certain words which are susceptible of a different interpretation. However, that is not an important point. The main thing, is it not, is the fact, as my hon. friend from Brantford will I think agree, that the government has endeavoured to meet the implement manufacturers as we said we would.

We have been able, in a large part at least, and I believe time will show, wholly, to make good to the manufacturers of implements in one way or another whatever they may have lost through tariff reductions. That is only carrying out the policy announced by the Liberal party; for wherever mention is made of reducing the duties on implements of production there is also indicated an intention of reducing the duties on raw materials that enter into the making of the finished product. We have endeavoured as far as possible to meet the manufacturers in that way. A statement has been quoted from the Massey-Harris Company, and I shall not refer to it again except to say that, interpreted in the way I think it ought to be interpreted, it implies that the government has dealt fairly by that industry and that the company hope, as a result of the changes which have been made, to be in a position to offer their implements cheaper to the farmers and thus do a greater business in the future than they have been able to do in the past. Let me say to my friend the hon. member for Brantford, I have not forgotten my promise, I have fulfilled it.

I have in my hand, from the Brantford Expositor, a series of interviews which I shall not attempt to quote even in part. These interviews are given by the Verity Plow Company, the Cockshutt Plow Company and the Adams Plow Company. The headline reads:

> New schedules introduced will constitute some help in matter of lower tariff . . . . Comments of Brantford implement makers to whom free raw material list had not been previously extended—an undoubted feeling exists of improvement in the outlook—firms will continue to carry on to the best of their ability.

They feel that a very considerable concession has been made and they hope to go on with their business as in the past.

My right hon. friend said this afternoon that the tariff changes had been restricted in their application so as not to touch the constituency of any member of the government in which there might be an implement industry. At any rate, that was the purport of his words. The implication was that, as the common saying is, care had been taken by the government to look after their own relations

but that they had let their neighbours' relations shift for themselves. Well, in the constituency, North York, which I have the honour to represent in this parliament there is an important implement industry and one of long standing in this country. I refer to J. Fleury's Sons of Aurora, Ontario, makers of cultivating implements and stock raisers' machines. I need not tell members of the Progressive party who J. Fleury's Sons are in the implement-making business, but I will read a letter which I have received from Mr. Fleury, the head of this firm, so that the House may see what his view is with respect to the changes that have been made. The letter is dated May 1, 1924 at Aurora, Ontario, and it is as follows:

Dear Mr. KING:

I wish to express my satisfaction with the amendments put before the House yesterday in connection with duties on materials entering into the cost of implements.

Manufacturers of agricultural implements should feel, I believe, that they have no real grievance; and should be able to show farmers (and no doubt will) that the adjustments of the tariff and the removal of the sales tax will give farmers appreciable benefit in the matter of lower prices.

I wish to express my appreciation of, and thanks for, your consideration in taking time personally to get a real understanding of the situation of implement manufacturers as affected by the changes in the tariff.

With kind regards, I am,

Yours faithfully,

H. W. FLEURY.

Mr. Fleury, as hon. members are aware, is one of the best known and most important agricultural implement makers in Ontario and indeed in Canada. I may say that when the government decided that the time had come when a change should be made in the tariff on implements of production we did not try to bring about that change in an indifferent manner or one which would work injury to any industries that could be avoided. We sought to get in touch with the implement makers and I myself asked a number of them and their representatives to come to Ottawa to confer with some of my colleagues and myself. We met them and intimated that in our opinion the interests of Canada demanded that there should be a reduction in the duties on agricultural implements and that the government had made up its mind to that reduction. We added, however, that we wished to make that reduction in such a manner as would do the least possible injury to the industries with which these manufacturers were connected, and we invited suggestions from them as to how, in making the reduction, we could meet them in other ways. We had numerous conferences with them, the result being that we have worked out a tariff which in my opinion not only will prove beneficial to all the basic industries and the manufacturing businesses that develop out of those industries, but which will also prove of advantage to the implement makers themselves. Time will tell, and time I think will prove that the government in this connection has been wise.

I was going to say something on immigration but I shall reserve my remarks on that subject until another occasion, for I fear that other speakers have been much restricted this evening. As we opened the debate with an exchange of courtesies in the nature of an exchange of editorials from the Farmers' Sun between the leader of the opposition and myself, I think before concluding I should tender him one more from the Farmers' Sun to make up for the "Wobbling Mr. King" one which he sent over to me. My right hon. friend waxed eloquent in his desire for a general election. He said, "We are ready now and we challenge the government to go to the country at once." And all his cohorts alongside him applauded so that it was impossible to hear another sound for a good many seconds. Perhaps the Farmers' Sun is not very far wrong in its view of what my hon. friend's desire is in the matter of a general election. This editorial appears under date April 16 and is headed "Mr. Meighen's hard luck." It reads:

The heaviest cross the Tory politician has to bear is not an overpowering fear of industrial collapse due to tariff reduction. Such a fear might disturb him somewhat, but it could never impress him as a misfortune equal to the circumstance that Hon. Robb's budget should make its appearance a year or more before a general election. It is one thing to plunge into a campaign, broadcasting blue ruin, creating distrust and apprehension by predicting disaster in the future; it is an entirely different proposition to unbalance the judgment of an electorate able to measure of sincerity of election propaganda in the light of experience. By the time the voters of the Dominion are called upon to speak, the changes submitted to the House by the Acting Finance Minister will have had a reasonable trial. It will be known then beyond dispute how much or how little they have benefited agriculture, and the other primary industries of the country. It will be possible, also, to estimate the injury, if any, inflicted upon industries whose protection has been reduced. And this is as it should be.

My right hon. friend says that he is ready for a general election. Let me tell him that this government has not yet finished its work of the present parliament. We have a lot more to do; we have only started upon what we hope to be able to do for the country. My right hon. friend may want a general election, but the country does not. The country notes with favour the progress in its affairs that has been made since the present

administration has taken office. The people have not failed to observe the improvement in conditions disclosed by each successive budget brought down since the present administration took office. The country is looking to this administration to carry on the good work it has begun and which it intends to continue.

In a word, Mr. Speaker, we believe that in this budget we have been able in very large measure to implement the promises, the professions and the pledges which we made to the electorate in the general election of 1921. We believe that we have established a policy that is entitled to be called a real national policy, because it is so framed as to serve not one class but all classes as well as all interests, manufacturing, commercial, and financial. We want to see that policy given a trial. We believe that if it is given a trial this country will witness a forward progressive movement such as it has not known for many years, and that when the time does come that we appeal to the people again for their support, they will express their confidence in a government which has lived up to its convictions, carried out the promises which it made to the electorate, and conducted the nation's affairs with the interests of the people ever at heart.

Let me say in conclusion that in what we have done not only have we been seeking to improve the country industrially, but we have been seeking also to unite the nation from the Atlantic to the Pacific. We have viewed with a good deal of concern the division which has sprung up between eastern and western Canada. We have felt that it was not good for Canada to be divided into two great sections, each becoming more and more class conscious—the West feeling that it had a grievance against the East, the East bitter in its antagonism towards the West. We have sought therefore a policy which would bring about national unity and demonstrate a community of interests. We have sought to do this in a manner which, we believe, will help to bring from the Old World immigrants to our shores as the tide used to flow hither in the past, which will have the effect also of again bringing immigrants from the United States. We believe with the legislation we are presenting prosperity will return as it came in the days of the Liberal party before, when due regard was had to the development of the primary industries of this country. We feel we are helping to unite Canada, to promote a community of interest between the different classes and the different parts of our country, and in this way to build up a stronger, a more prosperous and a happier Dominion, proud to be a part of the great British Empire to which we belong, a country that will be of service to its own kith and kin and of service as well to the community of nations of which it is a part.

Hon. T. A. CRERAR (Marquette): Mr. Speaker, at this late hour of the night and at this late stage of the debate I shall endeavour to make my contribution to the discussion as brief as possible I cannot let the occasion pass without saying a word of commendation to the Acting Minister of Finance (Mr. Robb) on the statement he submitted to the House five weeks ago to-day. My hon. friend is Scotch, and he has some of the valued characteristics of his race; he has the Scotch characteristic of hard-headedness, he has also the Scotch characteristic of modesty. But I think his modesty must really be suffering very severely in view of the lavish compliments that, quite properly, have been bestowed upon him. His budget speech was the shortest that has been delivered since I became a member of this House in 1917. That may be the reason why the debate is the longest in my parliamentary experience. If I might be permitted, I would proffer a word of advice to my right hon. friend the Prime Minister (Mr. Mackenzie King) and to my right hon. friend who leads the opposition (Mr. Meighen); it is that in this respect they might each endeavour to emulate a little more the brevity followed by my hon. friend the Acting Minister of Finance in introducing his budget.

Nor can I let the occasion pass without saying a word with respect to the Minister of Finance (Mr Fielding) who is unable to be in his seat. I think by common consent the Right Hon. Mr. Fielding occupies a pre-eminent position in the public life of the Dominion. His experience as a public servant has extended over forty years, commencing in the province of Nova Scotia and continuing in the larger federal arena. In that long and valuable service he has contributed unstintedly of his outstanding abilities to the upbuilding of this Dominion. I think it is a great deal to his credit that at the end of that lengthy period of public service he stands at the forefront, remarkable for his courtesy to his opponents, and without the slightest suggestion of a stain on his reputation as a public man. In that respect he has set a worthy example to our public men, young and old, who may be moulding the destinies of the Dominion to-day, or in the future.

Turning to the budget itself, I wish to refer first to the national debt and the surplus. I have not very closely analysed the statement produced by the Acting Minister of Finance as to whether it really shows a surplus or a deficit. I must confess that when I listened yesterday to my right hon. friend who leads the opposition I thought the surplus was vanishing into thin air, but when I listened again this afternoon to my right hon. friend who leads the government, I thought he presented another side of the story. But at any rate, what is the purpose of bookkeeping in a business concern or in our national economy? Its whole purpose is to reveal the precise and exact position of a business; and it should be so in regard to the affairs of the Dominion. I dare say that probably others could put a different construction after an analysis of the figures, to that which has already been given to the House. The important thing, however, is that the public should be plainly and completely informed as to the exact position of our finances. In respect to our railway financing I think its nature must govern its treatment in the national accounts. Anything in the nature of capital charges in the way of expenditure for railway extensions, for proper betterments, is a proper capital charge; there is a definite asset against it; and I see no good or sound reason why such should be charged up as a part of the ordinary expenditure of the country. That is the manner in which it has been treated in the past: all the guarantees that this country has given, to the extent of hundreds of millions of dollars, has never been charged to the national debt. I could instance that in the guarantees that have been given to bodies like the Montreal Harbour Board, the Quebec Harbour Board, the Vancouver Harbour Board, and similar corporations. But there should be a sharp distinction drawn between expenditure of that kind and expenditure that is incurred, for instance, in the form of capital charges on our railways.

10 p.m.

It will be several years yet, probably two or three under the very best of conditions, before the earnings of the National Railways will be sufficient to pay operating expenses and all the charges against the money invested in the enterprise. The custom has been in the past to add these interest charges to the obligations of the road. These interest charges should be a direct charge on the finances of Canada until the road is in a position to meet them.

I want to make reference to a suggestion made by my hon. friend the member for Brome (Mr. McMaster) in his admirable speech on the budget some days ago. In discussing the handling of the railway finances he advanced rather a novel idea. He made the suggestion that all the revenues of the railway should be paid into the consolidated fund of Canada, and that all the expenditures should be disbursed in the same way as other government expenditures are disbursed. Now I usually find myself in complete agreement with my hon. friend from Brome, but I am quite sure of this, that he has not given the suggestion that he made to the House very full study or consideration, or he would not have made it. That, to my mind, would make a wholly impossible condition of affairs in the administration of these roads. Fancy, for instance, having all the revenues that are taken in over all parts of this broad Dominion from the Atlantic to the Pacific paid into the consolidated revenue fund of Canada! How are the payments to be made? How are the expenses of the road to be met? The road could not possibly operate under those conditions with any satisfaction whatever. There would also be the further disadvantage that it would drive the administration of the road more and more into the ambit and orbit of political pressure and political consideration, and if this road is ever to succeed, and I believe it will succeed, it must be removed, absolutely and utterly, from the region of political interference.

I think there is some credit coming to the Acting Finance Minister (Mr. Robb) for the reductions in taxation that he has made. If press despatches are correct strong representations were made to the government prior to the delivery of the budget, that taxation should be reduced. But I have observed that the reductions that have been made through the budget we are now considering, affect altogether what might be termed the necessaries of life for the great masses of the Canadian people. I am among those who believe that taxation should be reduced in this country as rapidly as possible, and I am glad to see in the step the government have taken in that direction that they have reduced the taxes as far as possible on the things that are in most common use among the Canadian people, and that is certainly where taxes should be first reduced.

The chief issue involved in the budget, however, is the issue of the tariff. I listened with a great deal of interest to the address delivered by my right hon. friend who leads the opposition, and as well to my right hon. friend who leads the government. There is

no question whatever now where my hon. friends to my right stand on the question of the tariff.

Mr. MEIGHEN: There never was.

Mr. CRERAR: Well, to be quite frank, when I was listening to the speech of my right hon. friend, the leader of the opposition, yesterday afternoon, I had a doubt where he was going to come out on the question. But he evidently got some inspiration overnight and now he stands absolutely and flat-footedly on the principle of protection and not the tariff as we have it to-day. If there is any meaning in the words of my right hon. friend, they mean that if he is again returned to power and the party he leads resumes the reins of office in this country, there is no further chance of reductions in the tariff, but there is a certainty that the tariff will go up. My right hon. friend also had some criticism to offer of members of the Progressive party for having expressed different views on the tariff. Well, I presume that he will stand by the utterances of his own followers on this question. Only the other day, on May 12, the hon. member for Prince Edward (Mr. Hubbs), speaking from his seat in the House had this to say on the tariff:

> Now, Mr. Speaker, I must say that I am entirely opposed to the budget. Let me emphasize again, what we must have in this country if we are going to build up Canada, is a good constructive tariff. If I had the framing of it I would say put on a tariff so high that nobody could fly over it with an aeroplane and so deep in its foundations that a submarine could not dig under it.

Now there is the real Simon-pure gospel of protection. I do not know how far my right hon. friend agrees with that, but I can tell him that the gospel that he preached this afternoon will not find a very favourable reception in that great part of Canada that lies west of the Great Lakes. But if the government's policy means anything, as enunciated by the Acting Minister of Finance, and as elaborated by the Prime Minister this afternoon, it means this, that the fiscal policy of this country, so far as the present government is concerned, is to be shaped in the future as it has been shaped in this budget, upon the principle of developing the great natural wealth of this Dominion. Now that, it seems to me, is a distinct step in advance, and I will endeavour to show why a little bit later.

Some reference has been made in the debate to the Liberal platform of 1919. Well, I remember reading the press descriptions of that great convention, at which were assembled delegates from every constituency in Canada. They gathered here in Ottawa from the Atlantic to the Pacific, and it was not the leaders of the Liberal party at that time who were making the platform of the party. That was a democratic convention, so far as my recollection goes, and so far as my reading of newspaper reports of its proceedings is concerned, and that convention, embracing some seven or eight hundred delegates from all over this Dominion, sat down in consideration of a course of public policy. Whether the government that was elected in 1921, and which my right hon. friend now leads, has up to the present lived up to that platform or not, I think they may justly claim that in the present tariff proposals which they have brought down they have at any rate made a step in that direction.

Why do I offer a word of commendation of this budget? Because this budget recognizes the position of agriculture in this great Dominion. I have advocated in this House on several occasions before—I advocated it during the election of 1921 in every constituency, I think, in which I spoke—that a sound fiscal policy for Canada was a policy which would develop the natural wealth of the country, which would not endeavour to foster and stimulate, at the expense of the great masses of the people, artificial industries that were unsuitable to the development of this Dominion. Sir, I believe that that policy is sound to-day, and sounder to-day than it has ever been before. Our protectionist friends argue that we should be a great manufacturing country, that we should manufacture our own raw materials in Canada and export the finished product abroad. I have no fault to find with that. But what value is a protective tariff in the development of manufacturing industries based on the natural resources of this country when we produce from these resources away and above what we can possibly consume at home? I ask what value is a protective tariff to an industry of that kind? What value is a protective tariff, to the great pulp and lumber industry of this country? Take the figures of our exports and they are growing almost every year in that particular industry. What value is a protective tariff, for instance, to the flour milling industry of this country? We export hundreds of thousands of barrels of flour every year from Canada. What benefit is it to a meat packing establishment? What benefit is it to any of the great industries that are based on our natural resources? It is of no benefit. But where has the protective tariff been invoked in Canada, where has it been used? It has been used in building up or creating industries in Canada the major portion of which depend

upon a foreign country for their raw material. I submit, Sir, that that is not a sound method of development.

After all, where does the great wealth, the real wealth, of this country lie? It lies in our fertile fields, it lies in our vast mineral areas, in our forest wealth, and in our fisheries: and if we are to seek and find a sane and sound policy of national development we must seek it along the lines that will encourage production of wealth from these things, and not by the creation and stimulation of artificial industries that depend upon foreign countries for their raw material. I might instance some of these. Take the most highly protected things in this country and what are they? Well, we find them in cotton goods, we find them in rubber goods, and we find them also in many other lines. Is it a sane policy—I ask my protectionist friends this question—to penalize the people of Canada from the Atlantic to the Pacific, to increase the cost of living to every person in this Dominion, to build up industries of this character? I say it is not a sane policy. That is why I am in support of the policy the government has brought down as far as it has gone.

Now, this budget has not really hurt any one. Who has it hurt?

Mr. GRAHAM: It has hurt a lot of feeling.

Mr. CRERAR: It has hurt a lot of feeling. The reductions in duties on agricultural implements have been compensated for, and rightly so, by the reductions on the raw materials that go into those implements. And what is the net result? The net result to-day is that every farmer in Canada from the Atlantic to the Pacific, will buy his agricultural implements this year cheaper than before, or cheaper than he otherwise would have done if this budget had not been brought down. I am at a loss to understand the attitude of many newspapers and public men, and I might include in that the right hon. gentleman who leads the opposition because of the course he has taken on this question. I read something not very long ago about "the influence of the psychology of fear." That is the attitude of mind to-day of some people. If you study this thing in the light of the cold analysis of fact what injury has it done? And yet we have a tremendous outcry all over the greater part of Ontario and part of Quebec. I am amused in reading the Montreal Star. A few months ago it had a series of editorials under the caption "The whisper of death." It saw nothing but blue ruin, and now it sees nothing but blue ruin from this budget. I can compliment my right hon. friend who leads the opposition on one thing—that his speech here to-day has probably brought him the support of the Montreal Star, and that, I am sure, will be a great joy to his heart. I shall watch very anxiously and with a great deal of care for its editorials to-morrow.

But this brings back to my mind the reciprocity arrangement of 1911. What injury was done to the Canadian manufacturers under that arrangement? There was not a single possible injury to them under the reciprocity arrangement of 1911; it would in the end have been a boon to them. But what was the course taken? Well, we had the manifesto of the "noble eighteen" of Toronto who came out in flat-footed opposition. We had a frenzy and furor of opposition to that proposal created for months by active propaganda in eastern Cnada. And with what result? That the people of Canada were misled as to the real purpose and real value of that arrangement. My right hon. friend (Mr. Meighen) has argued that that arrangement would have been of no value to Canada, that we were far better without it, and some of his supporters have taken the same ground. Was it of no value to this country with its tremendous agricultural output to find all the possible markets that could be found for these agricultural products? On the very face of it was that not a common sense proposal? In a study of our national economy what this country needs more than anything else at the present time is markets, and under the reciprocity arrangement of 1911 we were given access to the American market for our natural products.

Mr. SUTHERLAND: What was the response from your own province of Manitoba in regard to that?

Mr. CRERAR: Oh yes, I have heard that question before and I answered it. I want to say to my hon. friend now that he got a response from the province of Manitoba in 1921 as to what it thinks on the question of reciprocity and the question of tariff generally. In Canada we were robbed of the benefits of that arrangement. My right hon. friend argues that there would have been no stability to that arrangement, that we could not depend on the United States government living up to its obligations; but the fact was that the American government kept that offer on its statute books for over ten years

It incorporated it into the law of the United States, and it remained there until they became convinced of the fact that Canada had slammed the door in their faces and did not want to have anything to do with them. The agitation that has been worked up over the budget in eastern Canada reminds me of the agitation worked up against reciprocity in 1911.

Mr. MEIGHEN: It did not frighten you?

Mr. CRERAR: No, it did not frighten me. Let me say a further word or two about the reciprocity pact in 1911. That arrangement gave entry to the United States market for our wheat and live stock. Every additional dollar that could be brought into Canada as a result of the sale of these products was an additional dollar of purchasing power on the farms of Canada for the business concerns of this Dominion. I am amused at the attitude I find in eastern Canada on this budget. I was interested recently in reading an article in the Hamilton Herald, an interview with the president—I take it the president of the local branch of the manufacturers' association in the city of Hamilton—given out after the budget was delivered by the Acting Finance Minister (Mr. Robb). The article says:

> It is very far reaching and is giving the western farmer, who is really a foreigner an award at the expense of the other parts of the Dominion. The western farmer as a rule has no interest in the country. He eats out of a can and gets all he can from outside the country, and puts his wheat in in the spring. As soon as he harvests and markets his grain he goes off to California, or some other place for the winter, and spends his money outside the country.

Here is a new definition of a western farmer. He is a foreigner who eats out of a can and winters in California. That is an interview given to the Hamilton Herald by the president of the local manufacturers' association. I have here another paper, the Labour Leader, of Toronto and I would commend this to my hon. friend from Centre Winnipeg (Mr. Woodsworth). I shall not read the article in full; in fact, I shall do no more than draw attention to it. But the whole purpose of the article is to excite indignation, to stir up people, and to work them up to a high pitch of opposition to any reductions in the tariff that may give any benefit to agriculture.

I desire to say a word or two as to the attitude of the West on this question of tariff, and why western Canada holds the view it does hold on the tariff. What are the chief products of western Canada? The chief products of that part of the Dominion are agricultural products. We produce grain in large quantities. We produce live stock, butter, wool and the other agricultural products that are commonly found in agricultural communities. The wheat production of western Canada last year reached 480,000,000 bushels. We will require to export at least 380,000,000 bushels of that crop either in wheat or in flour. We sell that wheat to the markets of the world, in competition with the countries of the world. We also produce live stock in great number and our production of live animals is away in excess of the possible consumption of this Dominion. What is the basis upon which the prices for these commodities are fixed? They are fixed also in the markets of the world in competition with the world, and the same is true with regard to our dairy products and all our agricultural products. What value then is your protective tariff to the western Canadian farmer.

I mention this fact, sir, because I think there is a great deal of misunderstanding in eastern Canada as to the actual position of the West on this question of tariff. The western farmer is not a protectionist and never will be; I will say more, that you can take the most hidebound protectionist you can find in Ontario, in Montreal or anywhere else; and send him to western Canada, and while the heresy may cling to him as long as he lives because of his early environment and training, yet none of his children will grow up to believe in it. After all people's views on questions of this kind are fixed or influenced largely by their local conditions, and environment, and you cannot convince the western farmer, nor can you convince the average western businessman in town or city, that a protective tariff is of any value to him. I was glad to hear a reference by the Prime Minister (Mr. Mackenzie King) in the concluding portion of his remarks as to the need of unity in this Dominion.

After all the most significant political fact in Canada to-day is the thousand miles of wilderness between the East and the West. As legislators in this parliament we should never lose sight of the fact that what we really have in this Dominion is two or three separate communities, and one of the greatest tasks of statesmanship in the Dominion is to shape policies, and find policies that will hold this country together. It is not enough to say to the western people, "You are ungrateful; we have assisted in creating the country for you and you are ungrateful when you protest against a protective tariff." That will not convince them, but I do believe that the western people in general outlook are reasonable, notwithstanding the criticism that has been directed against them. It is true the great mass of the western people

have pretty definite views on this question of the tariff. I realize in any solution of it, there may require to be something of the principle of give and take. The idea that exists among many eastern manufacturers and industries that western Canada is out to destroy industry is wholly wrong. It is not the case, but we must realize the fact that western Canada does not profit in any way from a protective tariff. I say in all seriousness that that fact should be realized and understood in eastern Canada, if a way is to be found that will prevent any serious conflict of opinion arising on this question as between different parts of the Dominion. I speak quite frankly, speaking only for myself, when I say that if the tariff is fixed on a basis of the revenue needs of the country, it should be possible to find such a way. The revenue requirements of this country mean that revenue must be raised through the agency of the tariff for many years to come. There is no gainsaying that fact; but I want to repeat that a tariff based on the principle and the needs of revenue is a wholly different thing from a tariff based on the principle of protection.

We have had a good many arguments in this debate from hon. members who believe in the principle of protection, that it is essential to the building up of this country, that a protective tariff is the great contributor to the wealth of this country. After all, what is the best measure or gauge of the wealth of a country? It is the volume and character of its trade, with other countries, not the volume it does in trading amongst its own individuals. What are the facts in respect to the trade of the Dominion when it enters the world's market? Let us take the figures for the twelve months ended March 31, last, as prepared by the Department of Customs and Excise. We find this:

Exports of Dominion	
Agricultural and vegetable products.. ..	$391,000,000
Animals and animal products..	140,000,000
Agricultural and vegetable products, other than foods..	39,000,000
Wood, wood products and paper..	273,000,000

And so on. I quote these figures merely to show that the real source of wealth in this Dominion comes from its agricultural lands, its forests and its fisheries.

I do not wish to delay the House, and I want to pass on and to consider briefly the argument that has been urged by our protectionist friends that we should have a self-contained country; in other words, that we should endeavour to live as much as possible within ourselves. There is no such thing anywhere in the world to-day as a self-contained country. Reference has been made in the discussion before, I believe by the hon. member for South Winnipeg (Mr Hudson), to the position of Great Britain. Where is there in the world to-day a country that excels Great Britain in prosperity, a country that has stood the shock of war and the reconstruction period following the war as well as Great Britain? But is she a self-contained country? Great Britain has not at any time food supplies to last her for more than six or eight weeks. She imports raw cottons, raw materials in a multitude of ways, and it is by manufacturing and re-exporting them and trading with the world that she has amassed her great wealth. And with what result? Only recently the Chancellor of the Exchequer brought down his budget and he showed a reduction in their debt for the year of over $240,000,000. What is the position of protectionist Germany, of protectionist France to-day?—one asking the world to help rehabilitate her; the other in a perilous position financially.

Mr. STANSELL: Does the hon. member think that western farmers who are complaining to-day would better their condition by emigrating to Great Britain?

Mr. CRERAR: I do not really know what that has to do with the case. I do not think they would. I do not see why they should do so. The fact is that there are too many people in Great Britain to-day. The British government are subsidizing them to get them away.

Mr. STANSELL: Would the same thing happen here if we had free trade in Canada?

Mr. CRERAR: My hon. friend asks if the same thing would happen here if we had free trade in Canada. With a country 5,000 miles in extent from ocean to ocean and anywhere from nothing to 1,000 miles north of inhabitable territory we could support a hundred million people without any difficulty.

The ex-Minister of Finance (Sir Henry Drayton) had something to say about the Americanization of Canadian industry. He argues that, as a result of these tariff changes the manufacturing business of this Dominion will go to the United States; that our industries would be all Americanized, and that our people would be leaving Canada in shoals as a result of the proposals brought down by the Acting Minister of Finance (Mr. Robb). What are the facts in respect to the movement of population to the United States? It is true that within the last few years we have had a considerable movement of population from Canada to the United States, but that movement took place before this budget was brought down. If we go back

a little bit into the history of Canada, I find on examination that, in the period 1880 to 1890, which is the period immediately following the inauguration of the National Policy of protection which was put into effect in Canada in 1878 or 1879, at a time when the population of this Dominion was about one-half of what it is at the present time, more than 392,000 people left Canada to go to the United States. If we examine the figures further, we find that from the late nineties for the next ten or twelve years there was practically no movement of population from Canada to the United States. What was the reason of that? It was this, that western Canada was opening up; great quantities of free land were available to settlers who were coming in and taking advantage of that. The movement was from eastern Canada to our western provinces. As regards the Americanization of our industries, I should like to draw attention to this fact, that that process is going on at the present time in any case. What are the facts? To-day American capital is flowing into this country in immense quantities, and that is perfectly agreeable to my hon. friends to my right. The industries of the Dominion are to-day largely controlled by American capital. A statement issued by the Bankers' Trust Company of New York, a short time ago, gave the information that over $2,500,000,000 of American money was invested in the Dominion of Canada. In 1921, more than $1,000,000,000 was invested in fifteen groups engaged in manufacturing enterprises in Canada. What does this mean? My hon. friends to my right do not want Canadians to buy American made goods; they want the American to come over here with his capital, to establish himself in Canada and to make the goods in this country.

Mr. MANION: Hear, hear.

Mr. CRERAR: My hon. friend says: "hear, hear," but the result of that is this, that he comes over here and he becomes the most ardent advocate there is for a protective tariff in this Dominion.

Mr. MANION: Hear, hear.

Mr. CRERAR: My hon. friend again says: "hear, hear" to that fact. As a result of that, the American capitalist comes to Canada under the aegis of our protective tariff. He gets his return on his investment; he takes that back to his own country, and the people of Canada from one end of the country to the other have contributed to that result.

Mr. BOYS: He pays a large amount of wages.

Mr. CRERAR: He pays a certain amount in wages, and the raw materials are found in this country. Now, there is one other result so far as the principle of protection in the tariff is concerned, and that is that it leads inevitably to the development of state socialism; it is a form of state socialism. When the power of the state is used to give benefits to a certain section of the people through tariff laws it is a direct use of that power to benefit a portion of the community at the expense of the rest. Reference has been made in this debate to the condition of agriculture in western Canada and throughout the Dominion, and the argument is advanced that what agriculture needs in this country is more protection. The United States is a highly protected country; and what is the position of agriculture there? With all their protection agriculture is in a worse condition in the United States than it is in Canada. And what is the inescapable result? The American farmer is appealing to congress for relief and proposals are before that body for the expenditure of vast sums of money to afford relief to the farmers of the United States who find that they cannot prosper under their present system.

Mr. MANION: Does not my hon. friend admit that in England under free trade since 1846 the British farmers have been nearly wiped out of existence?

Mr. CRERAR: If they have been nearly wiped out of existence, it is because of another reason altogether. If my hon. friend would talk with British farmers as I have to many of those who have come to western Canada he would find out why they leave the Old Country.

Mr. MANION: They left to come to a protected country.

Mr. CRERAR: Nonsense; they left because they could not pay the exorbitant rents which the landlords asked them to pay.

Mr. ARCHAMBAULT: Conservative landlords.

Mr. CRERAR: There are a few other points which I think should be touched upon. I believe that this country needs strong constructive policies at the present time, and I purpose supporting the budget because I think it is a step in the right direction. At the same time, if my right hon. friend who leads the government gets his tariff advisory

committee at work one of the first duties which I think that committee should undertake will be to find out for instance why it is that the duty is fixed at 20 per cent, on shovels and spades and 30 per cent on bathtubs and dishpans. There should be a consistent principle running through the establishment of a tariff policy in Canada, and it is for the people through their government to settle what that principle shall be. With the principle upon which your tariff is to be based once established, then I think there may be some advantage in having a body such as the Prime Minister referred to; but that body should be charged with further duties than those of advising on the ironing out inequalities in the tariff. One of the most necessary things in the Dominion to-day is some study of the whole question of taxation in order to prevent overlapping in the imposition of taxes, and a study of the incidence of provincial and federal taxation. After all, we cannot get away from the fact that the country is facing grave difficulties. While our debt is enormous I believe we have the resources that will overcome our handicaps from the taxation that we have to support. But this can be done only by the most intelligent study of the whole problem, and I think that some such body charged with the duty of studying the whole question of taxation could give a great deal of information to the government and to the country that would assist in getting taxation established on a fair, sound basis.

I am satisfied with the budget as far as it goes; but, if I may repeat what I said a little while ago, I believe that a basis can be found upon which we can get some common agreement between East and West on the question of the tariff by placing the tariff frankly on a revenue basis and recognizing it as such and not as a protective tariff. There must yet be very considerable reductions in the tariff. No one wants to hurt Canadian industry, and least of all do the people of western Canada desire to do so. But I say that the task of statesmanship in Canada is to find policies that will hold the country together, that will unite it from one end to the other. We can have our differences of opinion on administration, and we doubtless shall have such differences in the future. But I deprecate, I deplore anything that will arise in this Canada of ours that will fix our political differences on sectional or racial considerations. Let us avoid that altogether. It is because I think that the government, in the step that it has taken in the budget in reducing the taxation on implements of production, is pursuing a sound policy and one which I believe will conduce to harmony in the Dominion, that I intend to support the budget when the vote is taken.

[Mr. Crerar.]

Hon. John B. M. BAXTER (St. John City and Counties of St. John and Albert): While there have been many references in the course of this long debate to the fact that the Minister of Finance (Mr. Fielding) is not present with us on this occasion, I do not think it would be at all out of place for me, coming in a sense from the section of the country from which he comes, to express again the feeling of regret which this House and the country experiences that a man who has been so long prominent in Canadian public life, a man with whom we do not all pretend to agree—for we cannot expect such unanimity in political matters—yet a man who has won our respect for his courage, his directness and the great ability he has displayed during many years, is not able, through unfortunate illness, to participate in what to him was probably the greatest happiness of his life, namely, parliamentary work. We must always expect in the course of life that incidents of this character will occur; and I can never avoid thinking, when it does occur in the course of a strenuous political life, of the words of the great poet who depicted what comes into the life of almost every man when he says:

> ...in the open noon of my pride
> They sent me a voice from the darkness;
> They whispered and called me aside.
> They said, "the end is forbidden;" They said, "thy use is fulfilled."

And to those of us who may be permitted to remain perhaps for years in the active work of the nation will some day come the summons to that enforced rest which always seems to come unexpectedly, and which evokes in such an assembly as the Parliament of Canada that warm and deep and honest sympathy which has been expressed from either side of the House towards the absent member.

In a purely personal sense I join in the tribute that has been paid to his acting successor (Mr. Robb). I can at least congratulate the acting minister on the brevity of the remarks with which he introduced the budget. I agree with the hon. member for Marquette (Mr. Crerar) that it would have been well if that brevity had been emulated by many succeeding speakers, but I fear before I get through to-night that I too may be counted among those who have somewhat failed to copy that extreme brevity which characterized the introduction of the budget. I will, however, do my best to economize time.

In passing, may I remark on the absence from the House this evening of a gentleman who used to be considered in political circles as a probable successor to the Minister of Finance should a vacancy occur in that post. We have not with us to-night the member for St. Antoine (Mr. Mitchell), nor have we any explanation of his absence. No doubt there is a reason, a potent and a valid reason; and while I enjoyed the mock heroics of my right hon. friend the leader of the government when he declared there would be no general election, and that the people of Canada were so contented and happy under his beneficent rule that there would be no need for a general election, I could not help but think that at all events he will have the benefit of a record of public opinion in an important part of the Dominion as the logical and necessary political consequence of the withdrawal from this chamber of the hon. member for St. Antoine.

Mr. MEIGHEN: They have had two or three already.

Mr. BAXTER: To which I shall refer in good time.

Mr. FINN: Not on the budget.

Mr. BAXTER: There are so many other questions besides the budget upon which public attention could be challenged that I almost wonder at the temerity of an hon. gentleman on the other side suggesting the possibility of additional reasons for the government asking the country for that public confidence which no longer remains with it. I sympathize with the temporary successor of the Minister of Finance. He is walking with stumbling feet along a path which he does not know, driven by the impulsion of a blind opportunism which has already destroyed a great historic party that once had a record of achievement behind it and a set of principles by which it believed the Canadian commonwealth could be best regulated. But to-day the right hon. Prime Minister is no longer leading a great historic party. His traditional Liberalism has faded into invisible distance and the real direction of the affairs of Canada is coming from the group which is seated to my left; the wreck and the rump of the Liberal party follows along the path that is blazed by the hon. member for Marquette and the hon. member for Brandon (Mr. Forke). It is a great price—some of us would think too great—to pay for the temporary enjoyment of office, but hon. gentlemen opposite us do not apparently so regard it. They probably think it is cheap. The public sooner or later will have an opportunity of pronouncing judgment, and we will then realize where they think the real cheapness is.

I do not propose to follow at any painful length the speakers who have preceded me in a discussion of the supposititious surplus which has been presented to the House. I have heard some discussion of bookkeeping methods, and I think if I caught them aright I am tolerably in agreement with the remarks of the hon. member for Marquette, who thinks it would be better to place on public record in a definite way the obligations of the country. I have listened, not without amazement and not without some impatience, to the most extraordinary references that were made by the right hon. Prime Minister and some others to the reasons for treating the advances to the Canadian National Railways as something other than a part of the public debt. I wonder if hon. gentlemen opposite have ever stopped for a moment to think quietly of what constitutes the real difference between the cases cited by the right hon. gentleman and the present case. We are told that when a dry dock has been subsidized or a loan made to a
11 p.m. railway company, as very frequently has been done in the history of Canada, that that is an interest-bearing advance, and does not properly become a portion of the public debt. That seems to be quite true. But is there any possible reasonable analogy between a case such as that and the financial transactions of the past years? I fail to see it. Let us try to get the thing down to the basis of a purely homely illustration. Suppose that a man has a house and some land on which he has from time to time expended $100,000; suppose that the actual present value of the property is not one penny more than $10,000; and suppose that he has outstanding obligations for his $100,000; then let him go into the market and ask someone to lend him $1,000 on a mortgage of that property. Can he get it? Yes, but not on the property; he can get it on the personal security of individuals who are worth a sufficient margin above the amount he wishes to borrow. Now to my mind that is exactly where we are with reference to the Canadian National Railway system. We have a congeries of railways brought together into one vast system with a debt immensely exceeding the present or possible future value of the property, and no money loaned to that system can get any adequate security. Who in the world of finance would to-night lend one dollar on that railway without some collateral security? But what do they do? Something that has been very common to all of us in political life.

Somebody comes and says: I have not got any credit at the bank, but the manager says if you will put your name on the back of a piece of paper he will be most happy to make the advance. By analogy, the lender of the money comes to the Dominion government and says: If the people of Canada will put their collective name on the back of a piece of paper the money will be forthcoming. Now, that is what you do when you guarantee any loan on account of the Canadian National Railway system. There is no security in the railway; the security is in the tax-paying power of the people of Canada, and nowhere else, and the only honest thing, the only proper thing, from a bookkeeping standpoint or any other standpoint, is to honestly and properly charge that up as an additional debt upon the people of Canada. I shall not spend any further time upon that. We were told by the right hon. the Prime Minister to-day that that was a matter of no importance, and he launched into, shall I say, a very satisfactory statement to himself of that increase in trade that had taken place in the last few years. Was that due, in any way, to this government, Mr. Speaker? Did he expect after the war period was over that the world and Canada was going to stand absolutely still? We had had far greater trade expansion during the war years, and we know the reasons for that expansion. Then came the falling-off. Did he expect that there never would be any recovery? Some recovery has fortunately accrued to Canada, but how much greater would that recovery have been had the business interests of Canada been assured of some reasonable stability in the financial policy of this country?

He passed on and discussed the reduction in taxes. I shall spend but little time on that. He told us, as others have told us, that that reduction will be $24,000,000. The only estimate we have been able to get has come from the Finance department, and it is that the reduction in duties will only amount to $750,000. Will any hon. gentleman on the other side of the House, or will any hon. gentleman sitting to my left, sitting there in control of the side of the House which is on the right, tell us that $23,250,000 will be economized by the reductions in the sales tax? I do not think I will find anyone with the hardihood to make such an assertion as that. If there is to be a reduction of $24,000,000, why has not some gentleman in the course of this tremendously long debate come forward and given us some kind of tabulated definite estimate of the particular things which will achieve this reduction? Oh, but it suits them far better to go out to the public and talk of $24,000,000. I will venture to predict, and I am not at all fond of the role of prophecy, that when they come back here next year we shall not hear of a reduction in taxation of $24,000,000 or if we do, we will have a worse financial statement than any that has preceded it.

The right hon. gentleman also undertook to illuminate the want of financial capacity of the previous government. He dilated on the assertion that has repeatedly been made from the other side of the House, that Canada did not bear any portion of the war cost during the period of the war. That is the way, I am putting it precisely, the assertion was made and repeated over and over again in the course of this debate, and in the course of another debate which took place in this House. But the right hon. the leader of the government discovers now that we paid only some of the interest on the war debt, and he charges now that the old government did not pay part of the capital cost while the war was in progress. If it were not for the frenzy of politics, would hon. members see any real distinction? Let me come to that again by way of a very simple illustration. When a public work is undertaken, everyone knows, the interest during construction is charged as a part of construction, and is properly so charged. Unfortunately, what the whole world was doing during four years was paying the cost of destruction instead of construction, and they had to pay, most regrettably, interest upon the cost of destruction. Can you distinguish that from the capital cost? Is there any difference? And yet it is manifest in the figures that the old government bore some part of the cost of destruction that was being incurred during those perilous years. There is no use mincing words about it, no use inventing new phrases, no use trying to draw some inferences to the discredit of gentlemen on this side of the House. The fact remains that the cost of the war that was passed on after the old government went out of office was less than the total cost of the war to Canada, and therefore some part of it had been paid during the period in which my right hon. leader or his predecessor was the leader of the government.

Then we were told further, that the reduction of the cost of living was the great aim of the Liberal party. If that be so, unless the Liberal party had its genesis with the advent to power of the right hon. the Prime Minister, when that Liberal party was led by Sir Wilfrid Laurier and assisted by the Right Hon. Mr. Fielding, I would like to ask why

they did not abolish the tariff in those pre-war days when the whole tariff could have been abolished with far less strain from a financial standpoint upon the people than is involved in a very small disturbance of taxation at the present time. When we are dealing now with hundreds of millions of dollars to run this country we can see how, when it took less than $100,000,000 to run the country, they could, if that had been the real aim of the Liberal party, have got along with some internal revenue taxes, some income tax and sales taxes and done without protection, which they are proposing to destroy root and branch with a pair of tweezers, nipping off a little each year.

But it is like everything else that comes from the government, it is entirely unsatisfactory. It is only meant for a bit of camouflage; it is only meant to delude some people and to obtain a temporary anchorage in some political haven that perhaps appears, and appears only on that magical chart by which the leader of the government is professing to steer the country, and which no one else has ever seen. If Mr. Speaker, you follow the advice of my good friend and take the burdens off production, he tells you that the producer can produce more and at lower costs. Well, there are a good many producers, but will my right hon. friend explain to the country where are the markets for the producers? He has heard very largely from the group sitting to my left that they are producing more to-day than they can get sale for, and they keep on producing. But there are other things in Canada than the production of wheat, and if we are to take the burdens off production so that the producer can produce more, I want to find out a little something about the consumer. That is a matter of some importance to the country. I want to know, and this country has got to know, and has got to make up its mind whether it wants the consumer to dwell within the limits of Canada, or whether it proposes that the consumer shall dwell only in some part of the United States.

That after all marks the absolute line of cleavage between this party and the party and a half with whom we are in conflict in this House and in this country. Shall we have a home market that is worth having? Shall we bring people into this country, provide the means for their employment, build up industries within Canada, make it a country worth living in, and in that way develop the agricultural interests of the Dominion? Or shall we, gradually or by one bound, obliterate all traces of industry and thereby make what was the home market of Canada consist in exporting goods from this country to reach citizens who have been exported a little in advance of the goods. But the right hon. Prime Minister does not tell me where the markets are. Instead of that what do I get? A rhythmical treatise delivered in splendid language on the four essentials of land, labour, capital, and management. He hesitated a little over the management. First of all he said there were three essentials, and then he stated there were four. He was sure of the land, the labour and the capital, but after a short period of doubt he decided to include the management. I know why the doubt was. It was not a philosophic doubt, it was a real, actual one that time. Having had an experience of his own government since December, 1921, he doubted if there was such a thing as management of this country. About that disquisition there was a faint aroma of the class room. One could almost imagine the campus of a college largely endowed by the Rockefeller millions. You could see the students assembled there and you could almost hear their cheering, led by some professor, when the happy news would come to the college that John D. had opened another oil gusher on some part of this world's surface. It was an unreal thing; it was the sort of thing that you get at an institution of learning; it was not a real practical sort of thing that has to be dealt with in this House and in the government of the country —wholly academic, while God knows what the world to-day needs is the thing that is practical. When we have shown the world how to do its work and how to solve its problems, some twenty-five years afterwards the universities will begin to write books about it and tell the people how it was done. The solution of the problems of the world comes from the working men of the world first and finds its way into the universities afterwards.

Then my right hon. friend passed to the basic implements of production, but he did not follow them very far. He dodged the lawn mowers, they were not apparently basic. He tarried a while with the farmers. It was basic there because it was political. It was the basic thing that gives a basic majority in a House where they would not have a scintilla of power unless they reached out and treated your opponents better than they have treated their friends. That is the position of the right hon. Prime Minister: He has sacrificed, he is sacrificing—and fifteen of his supporters from Nova Scotia are daily and nightly parties to the sacrifice—the best interests of the Maritime provinces in the matter of the steel and the coal industry be-

cause the Prime Minister has seen fit to pay no attention to the claims, the legitimate claims, of the part of the country that gave him its support when he turned to the three western provinces that had rejected him and paid them with some reduction in the duty on farming implements. He had a solid sixteen to join in this iniquity. Since the people of Halifax had the opportunity of speaking it is only a solid fifteen; and the sooner the constituencies are opened in Nova Scotia the sooner the Prime Minister will find what the people, not the politicians, of that part of the country think of his performance.

Mr. MARTELL: That is an anaemic platitude on my hon. friend's part.

Mr. BAXTER: Did I hear anything?

Mr. HANSON: Just the sighing of the wind.

Mr. BAXTER: I am waiting for any member with courage to repeat anything he may have muttered.

An hon. MEMBER: Job.

Mr. MARTELL: It is a platitude that is not worth answering.

Mr. BAXTER: I beg my hon. friend's pardon. Will he repeat his statement?

Mr. MARTELL: Your anaemic platitudes are not worth answering.

Mr. BAXTER: That is first rate, but my hon. friend ought to have some sympathy with anaemia. He is known throughout the House as one of the microbes of the Liberal party.

Mr. MARTELL: Another platitude.

Mr. BAXTER: I found him the other night interfering with the political organism of the Secretary of State. They did not seem to be entirely in harmony, and I notice that the Secretary of State has been looking rather anaemic since the attack of my hon. friend. I rather agreed with my hon. friend too. Microbes are useful under certain circumstances.

Well, as a result of this wonderful budget a few tools are made free for the miner but the market is left to be invaded by the alien. I suppose a few shovels, and possibly a few shovel handles are affected. I do not know whether they have yet got as far as the handles that the coal miner may use in a pit in Cape Breton but his product is not protected, not adequately protected against the ravages of American competition. And the railway rates remain so that he cannot send his product into the central portion of Canada under favourable conditions. My hon. friends opposite have done far more for the wheat miner than they have done for the coal miner, and in doing it for the wheat miner they did it with the boisterous applause of fifteen members from a solid Nova Scotia.

Mr. FINN: Does my hon. friend not know that the government of Canada has nothing to do whatever with the question of rates in reference to coal or any other product coming from or going to the province of Nova Scotia?

Mr. BAXTER: Well, all I can say is that the hon. member for Prince (Mr. MacLean) spent half an hour boasting in the House the other day of what the government had done—

Mr. MEIGHEN: Hear, hear.

Mr. FINN: That is not an answer to my question.

Mr. BAXTER: And it is not very much.

Mr. FINN: It is not an answer to my question.

Mr. BAXTER: Oh, you are going to be answered; my hon. friend is not going to escape. It is not very much that the member for Prince had to boast about, it is a pitiable thing, and my hon. friend who has just interrupted me said that the reduction of 7 per cent was hardly perceptible—

Mr. FINN: Hear, hear.

Mr. BAXTER: And he found fault with it.

Mr. FINN: Hear, hear.

Mr. BAXTER: He also took three hours and forty minutes to give us his life history, and to tell us how many delegations to Ottawa he had attended to try and get this very grievance remedied. I sympathize with my hon. friend. I was glad to know—

Mr. FINN: That was—

Mr. BAXTER: Just a moment.

Mr. FINN: That was to the late government.

Mr. BAXTER: I will take any number of questions but I will answer them one at a time. I sympathize with my hon. friend. I was glad to find that so much activity had been displayed. I was glad to know that such a good looking, and amiable, and useful member had come to Ottawa. Everything was in his favour. From the very sacrifice of his profession to the giving up of the best years of his life to the service of his country there was everything that man could desire except results and those unfortunately, he has not been able to obtain.

Mr. FINN: My hon. friend got some results late in life.

Mr. BAXTER: To what does my hon. friend refer? I assume he is speaking about railway rates.

Mr. FINN: Not now.

Mr. BAXTER: Then my hon. friend is wandering from the question. If he wishes to put questions to me I will do my best to answer them. My hon. friend, like myself, comes from a sea-girt constituency.

Mr. FINN: Hear, hear.

Mr. BAXTER: And is at last realizing the merit of a clam which knows when to close up.

Mr. FINN: My hon. friend will realize that when he sits down.

Mr. BAXTER: He is going again. I am a little bit interested, and I know that my hon. friend who interrupted me is interested, and that there are fourteen others on his side of the House, whether they are physically present or not, who are very much interested in the development of the native and natural industries of Nova Scotia. Though I come from New Brunswick I feel that I am quite as much interested because the hour has come when the Maritime provinces must stand together in order to get a fair show from the rest of the people of Canada in reference to their development. I am going to quote—and I can quote with approval—a portion of a speech made by the hon. Minister of National Defence (Mr. Macdonald) speaking at Stellarton, Friday, October 26, 1921. He said:

> Last year one hundred million of good Canadian money was paid to the United States for coal under this protective tariff—this peculiar tariff which they say you must not lay any unholy hands upon.

My hon. friend was then running in opposition to the Meighen government. I am not going to entirely endorse the abuse that he uttered in this speech, but I am going to agree with the sense and purport of it. He continues:

> One hundred million dollars we paid out, while at the same time people here could not sell their coal and our mines were working two or three days a week. Do you want these conditions to continue? If you do you will vote for my opponent, and he has no solution for the situation other than that.

I commend that to all good Nova Scotians of the Liberal party. They must have agreed it was good doctrine. They ought to agree it is good doctrine still. My hon. friend was discussing Colonel Cantley, his opponent, and he said:

> Do you want to send a man to Ottawa that, when he gets there, will turn around and say: "I gave you no pledges, I never said to you I would take this course or that on any question. All I said was, "There is a tariff in this country and I do not want to see it removed."

Hon. gentlemen will remark how much difference it makes whether a nebulous statement is uttered by Colonel Cantley or by the present Prime Minister. In the one case it is condemned and in the other it is worshipped, and it is even repeated to the drum roll of applause, hour after hour, in this House, as has been done on this very occasion. My hon. friend the Minister of National Defence did not think it was right when it came to Colonel Cantley. He said:

> That is not a proper course for any man under responsible government who asks the suffrages of a people. I have had long experience in public life and I say that a man who seeks the suffrages of the people should be prepared to come before them, state his policy, pledge himself as to what he is prepared to do, and when grave situations arise be in a position to have some justification for actions to be taken in order that these conditions may be changed.

Then my hon. friend challenged the audience and said:

> What do you think of maintaining a duty on wheat and flour? Why should there be a tariff to enable the men who grind the flour to grind the faces of the poor. I am opposed to the duty on flour.

The hon. gentleman is a member of the government now. I look, I watch, and I wait, for some sign of carrying into effect this solemn declaration which he made to the people of his own constituency. It was the advice of a true Progressive who spoke, but I find he has not yet joined the majority of the government. He continues:

> I pledge myself if I go back to Ottawa—

And he did.

> —to represent this county to advocate in parliament and insist upon the fact that the people of Ontario, if they want to burn coal which is not produced in Canada, that they should contribute to the revenue of the country by paying a tariff on it. And so, my friends, I am not like Colonel Cantley—unwilling to give pledges. I tell you if I go to Ottawa I shall urge parliament to put a duty on coal that is a real duty and not a fake duty.

My hon. friend came to parliament. He is in parliament now. He has been advanced in parliament. He is in this House to-night, and I give him the opportunity of telling us if there has been any change in the coal duties except to allow the dust from lignite coal to come in free and lignite coke. These are the only changes. He was a wonderful power in Nova Scotia, a tower of strength to the Liberal party, but how futile when he reaches the atmosphere of this House. He cannot do a thing for his constituency. Why it would have been better to have elected Colonel Cantley without his pledges than to have elected the Minister of National Defence with all his promises. But I want to go back for a minute or two to my right hon. friend

the Prime Minister (Mr. Mackenzie King). He referred to a wide spreading tree this afternoon, with beautiful branches, and he saw those branches all rising at the stump. Well in a wooden country we do not see the branches coming from the stump. When you find the stump the tree is gone. He may have seen the bole of the tree or the trunk, but the stump comes there after the tree has been destroyed. Well, this is the tree that he saw. He has been seeing these visions and dreaming these dreams. He saw this tree denuded of its sap. Somebody took the sap away near the base of the tree, near that stump. He apparently was not familiar enough with forest life in Canada—forest life perhaps was not philosophical enough—to know that you can drain sap from the tree which is the national emblem of the country, and it can be made profitable to the community without injuring the tree. In the same sense we can, I believe, have protection in Canada without destroying the tree of my right hon. friend's vision. But he descanted so much upon the tree that it made me really wonder whether he had not gone back to extremely early times and imagined himself to be the first if not the only man in the world. He may have thought of that tree of knowledge of good and evil of which we read. He apparently had gone so far as to taste the fruits of it. He had become conscious in a traditional sense, and in order to cover his political nakedness he spent about an hour in piecing together newspaper clippings in order to make a sort of garb with which to cover himself, and that as a contribution to the budget debate of the country. I would remind him that people who meddle with the tree of knowledge of good and evil are pursued by a flaming sword and driven from the paradise in which they have temporarily taken refuge. Give the people of Canada one fair chance, and the angel with the flaming sword will forever bar his return to those precincts in the Eastern block where weary legislators refresh themselves in the afternoon with a cup of invigorating tea. But with more fire still he inveighed against protection for what he called a few special interests. I want to ask, not this House—it is not worth while really asking this House—but this country, whether my right hon. friend has scotched the snake of the special interests to which he has referred so much, or has completely killed it? We spent some time in developing special legislation at his instance directed against trusts and combines; the Minister of Labour (Mr. Murdock) was brandishing a battle-axe; something was going to crash in this country; the people were absolutely afraid because of the investigating powers that were given; but we were assured that all that was necessary was to get plenty of light and publicity, and these noxious weeds would disappear from Canadian public life. I have not yet heard of a trust or combine that has been rooted out by this government. I have heard of some towards the fostering of which I thought they contributed. I remember, during the last election campaign, the way in which former Attorney General Raney of Ontario inveighed against trusts, combines and everything else connected with automobiles, but I have not seen the automobile snake even scotched yet by the vigour of this government. I have not found any other trusts or combines attacked. What was all this legislation for? Did they know of these things before they came into power? If they did, why did they not get after them? If they did not know of them and only suspected them, why are we not made cognizant of the efforts that they have made since coming into power to drive these things out of our economic life? The sum total of the matter is that it is like almost everything else that distinguished the campaign of my hon. friends and that distinguishes their political course at the present day; it is nothing but camouflage, nothing but deception, a hollow mockery, a beating of the sounding drum, in an effort to arouse public attention hoping that it will be in its favour.

Then, credit is claimed and volubly claimed for a reduction in the sales tax. Time forbids that I should go into any painful discussion of the sales tax to-night; but I would ask, as one of the minor questions—and it is an important one in some of our Maritime constituencies—why it is that canned vegetables are exempted from the sales tax, but canned fish are subject to 5 per cent, which is now the maximum sales tax? Does this government solemnly recommend people to eat vegetables and eschew fish? I wonder how the hon. member for Halifax (Mr. Finn) views that proposition.

Mr. FINN: I always thought a mixed diet was good, together with a little something you cannot get in Toronto.

Mr. BAXTER: That is just what I want to get, the chance to mix the diet, but the poor consumer has to bear, on an absolute foodstuff, a 5 per cent tax if it is canned sardines or fish of any kind. Vegetables, he can get free, but on sardines he has to pay the tax. Yet this government is a government in favour of cheap food for the working people. I have a case in my constituency where it means all the difference between expanded operation and contracted operation

if the sales tax is removed or if it is kept on. That may seem like a minor matter, but it is interesting and instructive as one of the examples of the want of consideration that has been given by this wonderful government in the preparation of these wonderful budget changes.

I want to pass for a moment to something that, I think, is of more importance than a special instance. I am impressed with the idea that matters are not being grappled with on a big enough and broad enough scale in this country. These tariff alterations are at best a mere haphazard, piffling bit of work. Other countries of the world that are solvent since the war are devoting their energies to an actual reduction of their debt We are disputing in this House whether you ought to enter a certain set of figures in one book or in another, or put them on one page or another, and we know that we are not reducing our real liabilities. In the same way we come to this House and discuss a question whether you can stand a rate of 5 cents, or 7½ cents, or 10 cents, on some particular commodities. What is pressing down upon internal business in this country to-day? The sales tax as amplified by the present government, this government that was going to abolish oppressive taxes. What did the United States do after the Civil War? Within a comparatively few years, as soon as they pulled their country together, the first thing they did was, not to lower their external tariff walls, but to remove the things that were burdensome upon the internal commerce of the country. I ask: Why, instead of taking a few cents off here and a few cents off there in the protective tariff, if this government had $24,000,000 of tariff they felt they could reduce, why did they not take the whole $24,000,000 off their sales tax, give the people real and vital relief, and let the tariff stay as it was, good enough for the Minister of Finance (Mr. Fielding) last year and good enough for many of his Liberal predecessors? The farmers themselves, the agricultural interests that are represented here, tell the government plainly and frankly that they do not think this reduction amounts to very much to them. Some of them say that, after all, the question of the West is not a question of tariff. Many members in the House to my left have said that, and yet the government, in the hope of and for the sake of political support, carries an unwanted gift to the provinces of the West, where it might distribute its favours, if it has favours to give, or its benefits, if it has benefits to bestow, on all the people of Canada from the Pacific to the Atlantic. But we find an outpouring about the unity of Canada and the West and the East being brought together and all that sort of stuff. The East and the West can and will get together, but it will be upon the principle of equal opportunity and equal sacrifice to the needs of the nation, and not by patting a special portion on the back as long as it votes right.

I do not want to take up more time to-night but as the tariff has been discussed at considerable length, I am going to pay a few minutes' attention to something of the history of tariff issues. I am not going to read what some professor has written in a textbook of theory; but I propose to turn to solutions of facts, some of them in this country and some of them in the next best available instance, in the country lying to the south of us. I believe it is better to proceed by building upon the actual accumulated knowledge of the past than to base your policies upon mere conjectures and hopes for the present. If you will go back in our own country as far as 1855 you will find that there was a period of great prosperity in Canada caused largely by the building of the Grand Trunk railway. There was at that time a tremendous expansion and a very great land boom was on. In 1857 the boom collapsed and Canada was in a state of crisis. In 1858, as a remedy for conditions of that character, Sir Alexander Galt first introduced the protective principle into the tariff of Canada. It was successful and industry sprang up. I have neither the time nor the inclination to-night to go into statistics; I want to weary the audience as little as possible. But I propose to put the facts on record, because I believe they are of value not merely historically but practically as well. In 1866 because of the impending confederation Canada reduced the tariff to an average of 15 per cent; the Maritime provinces' average at that time was 12 1-2 per cent. Canada during that period had been greatly helped by the condition of the United States. Immediately after the Civil War in the United States there was an absolute paralysis of industry and there was a high internal taxation which continued down to about 1873, I think. Those conditions afforded a virtual protection to the people of Canada; but in 1873 the United States, recovering from their war burdens, reducing internal taxation, came into competition with us in our own lowly protected markets. I am not going to discuss whether we had a tariff for revenue or for protection in Canada; I will simply say

that we had a tariff low enough for the American manufacturer to get over the barrier and sell to our own people in the market which should have been our own. What happened? The Liberal party was in charge of affairs at that time in 1873; Sir Richard Cartwright was its great exponent. I will give you a few words from a public utterance of his in parliament. He said:

> It becomes us to consider the various remedies proposed for this unfortunate state of affairs.
>
> In the first place I desire to expend a few words on the general impression which prevails, even in quarters where we would hardly expect to find it, that it is in the power of this government, of any government, this legislature or any legislature to make the country prosperous by the mere stroke of a pen or the enactment of acts of parliament. I would like hon. gentlemen in this House and out of it, who entertain that illusion, as I consider it, to think to what such a course would lead and would ask them if they are prepared to pay the price. You cannot have at one and the same time a free government and a paternal government.

His solution was no solution at all. From 1873 to 1878, as we know, Canada passed through one of the worst periods in her history, and it was only by the advent of the Conservative party to power with Sir John A. Macdonald, Sir Charles Tupper, Sir Leonard Tilley and Sir George Etienne Cartier, at the head of affairs, that a real National Policy was introduced which preserved to this country its own markets and its own industries. And it is only in so far as that beneficent policy has not been completely expunged from the statutes of Canada that Canada has been able to succeed in the years which have followed the Conservative administration. The United States had precisely the same experience. From 1818 to 1824 they had what hon. gentlemen would call a revenue tariff. The balance of trade was against them, and in that period exports of specie itself exceeded imports by over $10,000,000. In 1824 they adopted the protective tariff and the results were immediately gratifying, so much so that in 1828 they passed a higher tariff and enjoyed a period of unequalled prosperity down to 1834. In that period they imported $30,000,000 more of specie than they exported and paid off the debt incurred during the Revolutionary War and the War of 1812. But there was too much prosperity; then came that phrase which has become so familiar in these days, "a step in the right direction." A step in the right direction was taken, no doubt amidst as great plaudits as it has received to-day. The tariff was lowered to 20 per cent, a higher average tariff than we have to-day and meaning a great deal more in those days of nearly a century ago. They tinkered with the tariff, they lowered it, and in a very few years the government, as a writer put it, was out of funds and credit. So serious was the situation that in 1842 they went back to protection and again they experienced a period of prosperity. Once more, however, another "step in the right direction" was taken with a new tariff in 1846 and that was followed by an absolute crash. There may be other causes, but I call the attention of hon. members to the fact that every time they took that step in the right direction, every time they lowered the tariff, they were invaded by foreign manufacturers and a financial crash ensued, in that country which was then in a process of building itself up comparable to Canada at the present time.

Experience teaches, they say, but I have yet to learn that it teaches a Liberal government. Now, let us have an example that occurred in this country in 1872. At that time the United States government took the duty off tea and Canada followed suit; but when she did she found a clause in the United States law by which a duty of 10 per cent was charged on all tea imported from countries west of the Cape of Good Hope—a sort of jigger in it such as we should get if we went into reciprocity with the United States. Ten per cent was exacted on all tea imported into the United States from Canada; so that while we had free trade in tea with the United States they had protection against us. This is the same policy as the Progressive government is pursuing to-day step by step and adopted by its liberal junta. Canada at that time took to itself power to impose a duty of 10 per cent on all tea coming from the United States, an equivalent of the duty imposed by the United States on that commodity going from Canada; and the trade was saved until in 1874 our Liberal friends, with Sir Richard Cartwright as Minister of Finance, took hold of the helm again, when they succeeded in very short order in ruining the tea trade. Then the tea dealers went to the United States and sent circulars into this market inviting the people to purchase tea on the other side of the line. Our direct trade was gone, a fine accomplishment, one apparently so fine that the greatest ambition of the Prime Minister and his colleagues to-day is to have it repeated in an almost infinitely larger number of articles than the government of that time dealt with.

This question of protection has been discussed to-night in very measured terms and very fairly by my hon. friend from Marquette (Mr. Crerar), but if you follow his remarks to their logical conclusion what be-

comes of Canada? Have we a cohesive country? You have, if you are prepared to make Canada one vast agricultural tract from the Atlantic to the Pacific. I speak from the standpoint of the Maritime provinces, and I have just as good a right to speak from that standpoint as other hon. gentlemen have to speak from the standpoint of other sections of the country. It is only by this common discussion in parliament of the difficulties with which we are confronted in different parts of the Dominion that we will be able to evolve any policy which will do reasonable justice towards all parts. I would put the situation of the Maritimes in this way: You take the duties down low enough, you let our protection fail us, and you soon reach the point at which our very mines will cease to operate because the United States can produce more cheaply and can use us for a dumping market. I am supported in that by the statements that have been made by hon. members behind the government. There is no question between us. Now, if you protect the development of our natural products in steel and in coal, you increase the population in certain centres. The moment you increase that population the demand comes upon the rural districts to provide food for that population. It is the old story of the home market. It ought not to be necessary to discuss it in this year 1924, but apparently it is necessary to re-state the fundamental principles all over again.

Our position is different from that of the West. The man in the West who is mining wheat instead of coal has to compete in the world market. We cannot help him except in one way, as I see it: we can find him the cheapest transportation that the country can afford to give him. That is infinitely more valuable to him than a few dollars off his farm implements. We in the East are prepared to make sacrifices, and we have made sacrifices, for that very thing. The Canadian Pacific railway was built out of sacrifices of the older provinces.

An hon. MEMBER: Oh, no.

Mr. BAXTER: Oh, yes. The newer provinces did not build the Canadian Pacific railway.

An hon. MEMBER: A lot of our land out there paid for it.

Mr. BAXTER: The land was bought and paid for by the older provinces.

An hon. MEMBER: We are paying for it.

Mr. BAXTER: It was Canada's gift, it was part of the price of getting the railway built. And it made settlement possible. We do not begrudge it, and we do not want to go back on it. But I ask: As we made the development of the West possible, is it not fair that the West should in some way make possible the development of the natural resources of the East? Let us look where we stand to-day. I am not going to discuss in a spirit of asperity what has taken place with regard to the Crowsnest pass agreement. I just refer to the fact that that agreement was made not between the provinces at all; it was a rider put by Canada upon the assistance given to the Crowsnest Pass railway. The western people get the benefit of that to-day. If that agreement had never been made what possible argument would the West have against the equality of freight rates all over the Dominion? Do they not realize that the very fact that they enjoy the rates under that agreement—whether rightly or wrongly we need not discuss now—means that the people in other parts of Canada and in regard to other commodities have to pay more than they otherwise would? That is the burden we are bearing daily and hourly in other parts of the Dominion. Is it too much for us to ask that our gateways—in the East, Quebec and Montreal in the summer, our gateway in the West, Vancouver, all the year around, and our gateways in the Maritimes, Halifax and St. John, in the winter, shall be used by the western people in preference to searching for a special route for their freight by the gateways of the neighbouring nation? I say frankly, you cannot expect this to go on all the time if there is to be a Canada for us, so long as our income tax is to be paid and our sales tax and our customs dues to maintain our railways and to build further extensions in the West. We are not begrudging that expenditure, but we cannot have the West say: There is no Canada east of the Great Lakes or east of Quebec. We say we want our share in the handling of this western produce. That is the case of the Maritime provinces on transportation. And do not think for a moment that we are going to relieve the situation by getting out of confederation, or even talking about getting out of it. We are going to stay in confederation, and we are proud to be in it. But we are going to keep everlastingly at this question until we make the same impression upon the country and upon parliament as our western friends have made in regard to some other matters. They have shown us the benefit of agitation, and we are going to do the agitating. I believe that my own party to-night stands back of the reasonable requests of the Maritime provinces. If I thought otherwise I would mighty soon part company with it.

Some hon. MEMBERS: Oh, oh.

Mr. BAXTER: Hon. members laugh. I will go a step further for them. After the next election comes there will be another government. I might, perhaps not unreasonably, expect to be included in that government, but I would not enter it unless I were sure that I would get justice for the Maritime provinces.

Mr. RINFRET: Does my hon. friend mean the portfolio of Justice?

Mr. BAXTER: I would tell my hon. friends that there are people who could fill it worse. I am not at all conceited, for I can be fair, but I have met some people who cannot be. I want to pursue for a moment the statement I started to make—if I found after assuming office that I had been mistaken in my party, I would leave the seats of the mighty and go into such opposition as there was opportunity to consort with. That is the difference between the attitude that I consider must be taken in order for the Maritime provinces to be successful in their fight for their rights and the attitude that has been persistently and consistently taken by the "solid sixteen" as they were in this House. One of those hon. gentlemen has taken office at the hands of the government, and a very effective stopper has been put in his mouth as far as any advocacy of the rights of the Maritime provinces is concerned. We have heard no motion for a duty on coal nor for a duty on steel, we have heard no motion to take the duty off flour—none of these things that he promised his constituents. We have heard protests from the hon. member for Cumberland (Mr. Logan), and when he got away from his free trade heresy I have agreed with the other things he has said. But does the hon. member realize how utterly helpless he has been? During one admirable speech he made I, a poor, miserable, benighted Conservative, had to appeal to the Speaker to preserve order among his friends so that we on this side could hear him. That is the sympathy the Maritime provinces have got from the Liberal party, that is the sympathy the hon. member for Cumberland has received from his party in doing his duty by standing up for the rights of his native province. I have not heard any other members from Nova Scotia trying to do what he did. What they should have done was to have said to their leaders: We are a solid sixteen. We are Liberals. We have followed you. We have borne the heat and burden of the day. You are now on the eve of making a trade with the western provinces for political support. If you make that trade for the sake of that support, you are going to lose the stalwart friends you have had in the past unless you give an even square deal to the part of the country we represent.

My hon. friends of those sixteen were supporting the right hon. the Prime Minister when he was in the depths of opposition. They went to the country asking the country to get back of him. They were not like people to my left who went to the country saying they had no faith in the present Prime Minister and no faith in his party. And yet it is far, far more unequal than the story of the Prodigal Son. These people who were never in the fold have had everything heaped upon them. The faithful sons who stayed at home, who would not raise a voice of protest, have seen the fatted calf killed and the table spread for the benefit of those who had been, if not spending their substance in riotous living, at least not been living at home within the ambit of the Liberal party.

I want to say a word about this coal business from the standpoint of Nova Scotia. I got the returns ending March 31, 1924, and they show that over 15,500,000 tons of bituminous coal came in from the United States valued at over $44,000,000, and nearly 5,000,000 tons of anthracite, at a value of $44,000,000. The lignite is inconsiderable, but the total imports of coal from the United States were $88,000,000, in round figures. Now my hon. friend the Minister of National Defence (Mr. Macdonald) advocated a greater duty. He said: "Let us make this Dominion one; you people in Ontario burn our coal." Well, what have we heard in parliament? All sorts of devices, and a committee sitting day after day and week after week to see if it is possible for the Canadian National Railways to bring lignite from some part of Alberta into Toronto, when the best coal in the world was hundreds of miles nearer, accessible most of the year by water, all the year by rail, and nobody ever raised a voice of protest or demanded that the rates on the railway should be made low enough to give Nova Scotia coal the entrance into the markets of upper Canada that were promised to it on every platform when confederation was discussed.

Mr. FINN: Would my hon. friend tell me why it was when F. B. McCurdy of Nova Scotia was Minister of Public Works in the government of Sir Robert Borden, and my hon. friend was in the government of the now leader of the opposition, they did not put a duty on slack coal? Why did they not have the railway freight rates reduced? What was my hon. friend doing then in the Tory administration? Was he asleep at the switch?

Mr. BAXTER: I was not. For my hon. friend's information I would tell him that F. B. McCurdy was never a member of R. L Borden's government.

Mr. FINN: The Union government, then; it was the same thing.

Mr. BAXTER: And the rest of the answer to his question is, what were the cabinet ministers on the Liberal side doing in the years from 1896 to 1911? Had we not better make a fresh start? If the public men from the Maritime provinces have not been getting for the Maritime provinces that advantage the Maritime provinces ought to have had, is it not time we presented a united front and demanded these things? I am doing it to-night. Will my hon. friend join with me?

Mr. MACDONALD (Pictou): Will my hon. friend be good enough to tell the House what he thinks the Maritime provinces should have? What things should be done? He has been talking in very general terms.

Mr. BAXTER: I do not need to go further than to repeat to my hon. friend the speech that he made at Stellarton; that is enough. If he will get that—and he has not got the whole of it yet, there is some more of it coming to him—but if he gets that carried out, he will take a long step towards getting something for the Maritime provinces.

Mr. MACDONALD (Pictou): In the debate on the Address my hon. friend's leader, and now my hon. friend himself have quoted from an alleged speech which they said I made at Stellarton. The whole report of that speech is absolutely made up from Conservative sources. I was never reported by any paper, speaking at Stellarton on that day.

Mr. BAXTER: No, my hon. friend was not reported by any newspaper, but a stenographer was specially employed, and I have a stenographic copy of what the hon. member said. It is considerably longer than the extracts, but it is here, and if my hon. friend presses far enough he will get it, every word of it.

Mr. MACDONALD: I want to tell my hon. friend—

Mr. BAXTER: Before my hon. friend goes any further I want to give him a note of warning. He has got into an atmosphere to-night where bluff and bluster will not carry.

Now to follow to their logical conclusion, the expressions of my hon. friend the member for Marquette, (Mr. Crerar) in the eastern provinces or in any other part of Canada, you would leave our natural resources in the ground until the more favoured countries which have got ahead of us in their development would have exhausted all their natural supplies, and then they would be driven to us. When, for instance, there was no more coal to be got anywhere else they would come to us as the only place where it could be got. That sort of development is too many centuries in advance for me to see any possibility of enjoying it. I hope to be in a place where coal will not be necessary when the world is driven to that, because I like the society of my own fellow-men and I know where to go to find them.

Now I want to take up for a minute the steel question. I find in dealing with the steel question that I am running right into my hon. friend the Minister of National Defence again. Quoting from another section of that speech of his, he said:

> You would think that there is an enormous duty on steel products. The Trenton people burn your coal in the Nova Scotia Steel and Coal Company. The duty on steel products as produced down here is as follows: Fifteen years ago there was a duty of 50 per cent on all products of the Trenton works, steel which was used in the manufacture of agricultural implements in Toronto. This government has taken the duty off steel used in agricultural implements.

Mr. MACDONALD (Pictou): Mr. Speaker, I desire to rise to a point of order. I have already stated that my hon. friend is quoting from an alleged report of a speech which I never delivered. I never uttered those statements he is now giving to the House, and I submit he has no right to read to the House any statements which are untrue.

Mr. BAXTER: I submit that my hon. friend has no right to say that these statements are not true. I am responsible for them and I have stated the way in which I got them, and I do not think he can very well rise to a point of order to prevent me from reading statements which I shall attribute to him. He can, if he has the temerity, get up afterwards and deny it,

Mr. MACDONALD (Pictou): I am denying it now.

Mr. BAXTER: That issue will not be determined in this House; it will be determined by the people in Stellarton when they read the hon. gentleman's denial.

Mr. MACDONALD (Pictou): I have dealt with bigger men than you there.

Mr. BAXTER: "Fish plates". Somebody said at Stellarton, somebody who wore clothing resembling that of my hon. friend—

Mr. MACDONALD (Pictou): I rise to a point of order. I say it is not open to any hon. member of this House to allege in respect of another hon. member that some stenographer—whom nobody ever knew or heard tell of before—made public a statement containing assertions that the hon. member in question declares are utterly incorrect and untrue and were never uttered by him.

Mr. BAXTER: I do not know how my hon. friend can possibly deny—

Some hon. MEMBERS: Order.

Sir HENRY DRAYTON: What is the trouble?

Mr. BAXTER: I am arguing the point of order and in spite of interruptions I shall finish my statement; the night is young yet. I confess it is utterly impossible for me to see how the hon. member can deny that he made statements until he hears what they are.

Mr. MACDONALD (Pictou): The statements my hon. friend has read so far were never uttered by me.

An hon. MEMBER: All right; go on and read the rest.

Mr. MACDONALD (Pictou): Excuse me.

Mr. BAXTER: What is the point of order now?

Mr. MACDONALD (Pictou): I would ask the Speaker to rule.

Mr. BAXTER: On what?

Mr. MACDONALD (Pictou): On the point of order.

Mr. BAXTER: What is it? Must I stop my speech.

Mr. MACDONALD (Pictou): The second point of order is that no hon. member has any right to make an untrue statement about another hon. member. That is the point.

Mr. SPEAKER: Does the hon. member (Mr. Baxter) wish to discuss the point of order? Under Rule 19 when an hon. gentleman denies a statement made by another hon. member that denial must be accepted. I hope my hon. friend will not continue to attribute to the Minister of National Defence statements that he denies ever having made.

Mr. BAXTER: Mr. Speaker, I never had the slightest intention of refusing to accept within the walls of parliament my hon. friend's denial. Neither had I any intention of relinquishing my right to say that I am informed he made certain statements. After I have made them he can make the denial if he chooses.

Mr. MACDONALD (Pictou): My hon. friend is attempting by subterfuge—

Mr. BAXTER: I do not think there is any point of order now. I said I accepted my hon. friend's denial.

Mr. MACDONALD (Pictou): I rise to another point of order. My hon. friend thinks he can go on now and make statements in another form which I have already stated are absolutely untrue and were never uttered by me. I say that my hon. friend cannot do that.

Mr. BAXTER: Perhaps it would be better for my hon. friend to exercise patience and wait until he hears what I have to say. Then if I do anything contrary to the rules he can rise to a point of order. Until I do that I have not transgressed the rules.

Mr. MACDONALD (Pictou): Mr. Speaker, I ask you to direct my hon. friend to accept your ruling.

Mr. SPEAKER: The hon. gentleman (Mr. Baxter) is an experienced parliamentarian and debater. He knows that it is contrary to the rules to repeat a statement which has been denied by the hon. member concerned.

Mr. MEIGHEN: May I point out, Mr. Speaker, that the hon. member for St. John City and Counties of St. John and Albert does not want to repeat anything.

Mr. BAXTER: Not at all.

Mr. MEIGHEN: Is the hon. member to be stopped from reading a quotation? I never heard of any such rule as that. If the quotation is denied the member making it is bound to accept it; but I do not think it is the rule that the hon. member (Mr. Baxter) should be stopped and not be allowed to read what he wants to read.

Mr. LAPOINTE: The hon. gentleman has read what claims to be the report of a speech delivered by the hon. member for Pictou.

Mr. BAXTER: I was prevented from reading it.

Mr. LAPOINTE: The hon. member for Pictou says he never made such a speech and that the statements contained in the report are utterly untrue. My hon. friend has no right to go on reading an untrue report.

Mr. MEIGHEN: What about the rest of the statement? It may not be untrue.

Mr. MACDONALD (Pictou): The statements are all untrue.

Mr. MEIGHEN: How do you know until you hear it?

Mr. MACDONALD (Pictou): Such a speech was not delivered.

Mr. MEIGHEN: My hon. friend has not heard it read but he looks as though he thought the speech was characteristic.

Mr. MACDONALD (Pictou): The Conservative party fabricated this speech which they allege I uttered.

Some hon. MEMBERS: Order.

Mr. MACDONALD (Pictou): My hon. friend is reading a fabricated report.

Mr. SPEAKER: I think it is perfectly clear that the hon. gentleman is wrong in reading a report containing certain statements which are specifically denied by the hon. Minister of National Defence. That is my ruling. I hope the hon. gentleman will accept the ruling and not continue to read from an alleged report. The hon. member says it was not a report published in the press but was specially taken down by somebody at a meeting. It is not usual to quote from a report the author of which is not known.

Mr. MACDONALD (Pictou): Hear, hear.

Mr. SPEAKER: That has sometimes been held contrary to the rule. The report is said to have been taken at a certain meeting but the statements contained in it are specifically denied by the Minister of National Defence. Under the circumstances I think the hon. member, who is well aware of the spirit and letter of the rules of the House should abstain from quoting from the report.

Mr. BAXTER: I regret that so much time has been taken up with this incident. I have already said that I accepted within the walls of parliament the denial of my hon. friend. I had not been permitted an opportunity to read one sentence more, or to make any other portion of my speech. My hon. friend interrupted me again on a point of order which seemed to me merely a pretext for denying that he had made a speech in Stellarton such as he alleged the Conservative party were circulating as having originated from him. Now I may say that I have frequently heard letters read here the signatures to which were withheld by hon. gentlemen.

An hon. MEMBER: There was such a case only yesterday.

Mr. BAXTER: Only yesterday. Still I have no desire to prolong discussion on such a barren and unfruitful a thing as parliamentary law. I want to get at the facts. I am not going to bother attributing statements to my hon. friend, but I am, within the rules of the House, going to continue my speech. Now, I may say that speaking on behalf of the Liberal party—

Mr. MACDONALD (Pictou): This is the speech my hon. friend did not deliver on the debate on the Address. He ran away that night.

Mr. MEIGHEN: What is the matter now?

Mr. BAXTER: Does my hon. friend say I ran away from anywhere?

Mr. MACDONALD (Pictou): I was here ready to go on.

Mr. MEIGHEN: Why did you not go on? You said you were going to.

Mr. MACDONALD (Pictou): The hon. member did not go on.

Mr. BAXTER: I will ask my hon. friend to accept my declaration that this particular speech was not prepared until to-day and part of yesterday, and the very part to which he has reference now was not put together until late this afternoon.

Mr. MACDONALD (Pictou): You had the fabricated report in your possession at the opening of the session.

Mr. BAXTER: Does my hon. friend entirely think he is doing justice to himself or the House in making a statement of that kind?

Mr. MACDONALD (Pictou): I absolutely do.

Mr. BAXTER: Then all I can say to my hon. friend is that in my belief he knows that the report has never been fabricated.

Mr. MACDONALD (Pictou): I know nothing of the kind, that is all I have got to say.

Mr. BAXTER: Now, I want to say that at Stellarton, in the province of Nova Scotia, Friday, October 26, 1921, in the course of the general election a stout gentleman addressed a meeting in the interest of the Liberal party. I am not going to say who the stout gentleman was. He had gray hair and a gray moustache but I am not going to name him. I am going to tell the House what was said in the name of and in the interest of the Liberal party on that occasion.

Mr. MACDONALD (Pictou): I rise to a point of order. My hon. friend is attempting by a subterfuge to evade your Honour's ruling. No hon. gentleman in this House would have failed to note the person to whom my hon. friend was referring and I say, Mr. Speaker, that you in your long experience probably have never seen and in my long experience I have never seen any hon. gentleman attempt so boldly to evade a distinct ruling of the Chair, and I raise a point of order.

Mr. BAXTER: I would suggest in regard to the point of order that your ruling should be that if my hon. friend finds any stray shoes lying around which fit him he might put them on. Otherwise I will be in order.

Mr. SPEAKER: I will call the hon. gentleman's attention to number 249 of Beauchesne's Parliamentary Rules and Forms which says:

> It has been formally ruled by speakers in the Canadian Commons that a statement by an hon. member respecting himself and peculiarly within his own knowledge must be accepted, but it is not unparliamentary to temperately criticise statements made by a member as being contrary to the facts; but no imputation of intentional falsehood is permissible.

The hon. gentleman, as I stated a moment ago, quoted from an alleged report which I thought was taken from the press. It was denied by the hon. Minister of National Defence (Mr. Macdonald). Then the hon. gentleman stated that the report had been stenographed at the meeting referred to. He said it was a verbatim report of the statements alleged to have been made by the Minister of National Defence. The minister stated that the report was not correct and denied its authenticity. Now surely his word must be accepted. It is a rule of the House that when a denial is made by a member of certain words or phrases attributed to him, his word must be accepted, and I hope the hon. member (Mr. Baxter) will not evade the rule by giving a physical description of the occurrence. I would appeal to his better sense not to indulge in the practice of giving a reference to the occurrence, omitting only the name. The reference is clearly to the Minister of National Defence. Under those circumstances, I would ask the hon. gentleman not to continue along those lines because he is evading the rules.

Mr. BAXTER: I think in deference to you, Mr. Speaker, I will find a way that will not infringe upon the rules of the House, nor impinge upon the sensitiveness of any member of the House. I shall simply say that during that campaign—

Mr. MACDONALD (Pictou): I rise to a point of order. My hon. friend has intimated again in the clearest and most definite way that he is proposing to evade your Honour's ruling. The statement which has been made by my hon. friend is simply an indication to the House that in some wonderful way the creative power of that gigantic brain of his is going to be able to get round the rule. That is the clear intimation, and I submit it is not possible for an hon. gentleman to

evade the rules of the House in the face of the decision you have given on the motion.

Mr. SPEAKER: I understand the hon. gentleman has accepted my ruling.

Mr. BAXTER: May I say to the House that at the time of the last campaign, steel used in agricultural implements was absolutely free. I am pausing to see if that is objected to. I wish to say further that at that time the duty on fish plates was only ten per cent, on bars eleven per cent, on billets six per cent, and on angle bars nine per cent. Would that be called protective duty? Would anyone say that that is even revenue duty? In the days of the Laurier government—

Mr. MACDONALD: I rise to a point of order. My hon. friend whose wonderful astuteness is displayed in an effort to defy your Honour—

Sir HENRY DRAYTON: Order, order.

Mr. MACDONALD (Pictou): My hon. friend is proceeding to read a speech which was fabricated and attributed to me, and which I have already denied, with the purpose and intention of giving to the House the idea that I uttered those words. I submit that is only another attempt to evade your ruling which has already been given.

Mr. BAXTER: I will give your Honour the assurance that the speech which I always understood the Minister of National Defence made is that which I am holding in my hand, which has been lying on my colleague's desk unopened, and that I have not been reading that speech, but I was proceeding to read from notes that I made of the address which I am trying under manifold difficulties to deliver.

Mr. SPEAKER: I do not think there is any point of order.

Mr. BAXTER: May I say that in the days of the Laurier government a bounty was given to the industry at Trenton of from two to three dollars a ton in order to encourage and strengthen the business of manufacturing steel in this country. I would have expected under those circumstances that some one among all the candidates of the government in Nova Scotia would have pledged himself that when he went to Ottawa he would move a resolution in the interests of Nova Scotia that the duty on steel products would be increased, in order to enable them to compete successfully. I am waiting for someone to move that resolution yet. Out of the whole sixteen members elected at that time I would have thought the most forceful, the ablest

man, the one with the greatest brain power, and the one with the greatest ability for bringing people to his point of view would be the Minister of National Defence (Mr. Macdonald), but I cannot say to-night whether he was pledged to do a thing of that kind or not. If not I think he ought to have been pledged. At all events I notice he has not done the thing which somebody was pledged to do. I will go further and say that a candidate on the Liberal side in one of the constituencies in Nova Scotia was pledged to do it. The minister may not have been pledged.

An hon. MEMBER: Who was it?

Mr. BAXTER: But one would have thought that he would at least have picked up the fallen torch, and when he found the rest of the crew was insufficient for the duty that he, naturally interested in the steel and coal industry would have done that which the other candidate was too remiss to implement. He has not done it, however, and now he gets into the quiet lockstep of the Progressive party, and chants in chorus with the Canadian Council of Agriculture the new political creed:

A revenue tariff on the other hand will impose a low scale of duties and will be designed to encourage importation so that the largest possible revenue may be secured.

It is fine to think of bringing coals to the Newcastle of Cumberland, to encourage importations of coal and importations of steel. Why, what has become of the basic industries? It seems as if the only basic thing is the comparatively small amount of steel that goes into a harvester, binder or plough or something of that kind, not even into the lawnmower, but when it comes to being a billet or rod or something that is really sizeable in the steel business we are to encourage importations, instead of making use of the splendid opportunities for natural development in the province of Nova Scotia. No matter what the Minister of National Defence said or did not say in that or any other campaign, it is remarkable to think that he sits in a government which so studiously turns its back upon that Nova Scotia of which he must be proud to be a son. He made up a chant in collusion with the Canadian Council of Agriculture not long ago and they prescribed the particular hymn tune to which this was to be sung. He has to sing:

In framing a revenue tariff no consideration need be given to the effect upon the home manufacturer, although there will incidentally be a certain amount of protection so long as duties are imposed upon goods of a class manufactured or produced in this country.

So that, instead of getting American coal excluded and American steel excluded, firms in Nova Scotia will have to be satisfied with the incidental protection which will be afforded by the kind permission of the Canadian Council of Agriculture.

Mr. CARROLL: What difference has the present tariff made to the steel industry in Nova Scotia?

Mr. BAXTER: By the present tariff, does my hon. friend mean the one that is before the House at the present time?

Mr. CARROLL: Yes.

Mr. BAXTER: As it is now and not as it may be to-morrow or a day or two after —we never know.

Mr. CARROLL: Neither one of us is very prophetic.

Mr. BAXTER: All I can say is that from the coming into power of this government to the present day, Nova Scotia has not been given the benefit of any increased duties on its coal or steel.

Mr. CARROLL: That is not my question.

Mr. BAXTER: I cannot answer just in a moment, and I want to supplement what I have said by this, that in so far as importations of raw material for making the general class of agricultural implements are encouraged, that must be at the expense of the development of the basic industry in Nova Scotia.

Mr. CARROLL: What difference does the present budget make on the question of coal in Nova Scotia?

Mr. BAXTER: I would think that my hon. friend would see that coal is used to a certain extent in the production of steel, and the more you reduce the production of steel, the more you necessarily reduce the production of coal. As regards the coal question, I am not so very much concerned with the tariff. If I had not been under the unfortunate mistake which I am assured I have made, and which I must accept myself as having made while I am within the walls of parliament, but no longer, and under the rules of the House, but not in any other way, I would have thought that an hon. gentleman from Nova Scotia had pledged himself to take a very definite line of action with regard to this, but as that has been so studiously denied, my hon. friend can see exactly the point that I was trying to discuss as regards the situation, a point that I can not very well pursue any further in view of what has taken place to-night, and a point on which my hon. friend can have his views as I can have mine.

I want to pass for a very few minutes to the question of transportation. I now come into not at all unpleasant collision, but into juxtaposition to my hon. friend the Secretary of State (Mr. Copp). I regret he is not in the House at the present time, but I think I can discuss the subject without occasioning in him to-morrow morning any very strenuous desire that he might have been in the House. I will quote from what he said the other day as reported at page 1967 of Hansard:

> The thing the people of the Maritime provinces, for whom I have every sympathy and consideration, to do to-day, is to look into this question...

That is transportation.

> ...from a business standpoint. I think it would be wise on their part to choose a business committee who would do for the Maritime provinces what the Chamber of Commerce and Board of Trade of Portland, Maine, did for that city last year.

I want to call the attention of the House and incidentally the attention of the electors of the county of Westmorland to the fine air of detachment which pervades this statement. No one knows better than my hon. friend the temper of the people of Westmorland, and he realizes that this air of detachment is only the forerunner of that actual detachment which will take place whenever this government sees fit to hold a contest in the county of Westmorland. Just imagine a minister saying:

> The thing for the people of the Maritime provinces, for whom I have every sympathy and consideration...

And that gentleman is a minister from one of the Maritime provinces. That is the language not even of mild protest. It is, perhaps a species of self-abnegation. It is certainly a species of profound dejection. It is not the spirit we want exhibited from the Maritime provinces. We want a little more punch and go in it, and in that view I know we have the entire support of the hon. member for Hants (Mr. Martell) who was not satisfied with this declaration in the House the other day.

The Secretary of State gently chided me for the speech that I was supposed to have made in the county of Kent. I am not going into that speech in detail. My hon. friend has embellished Hansard with it. It has been a subject of correspondence between myself and Sir Henry Thornton, and I am not going to drag it in any further than to say that I conceived it to be my duty as a gentleman, under the circumstances, to explain to Sir Henry Thornton how far the report was a fair summary of the speech I had made on that occasion. I pursued what I thought was the correct course, a different course in dealing with Sir Henry Thornton, from what I have sometimes noticed people choosing in regard to speeches they have made. Of course, I do not refer to anyone in this chamber, but I have noticed before now that amongst people there is a disposition sometimes to get away from the things they have uttered. Sometimes we have even denials of that which they have uttered, even though those denials shock common sense. I did not pursue that course. I pursued a course which commended itself to my judgment, a course which, I think, met with the approval of Sir Henry Thornton as a gentleman. This is what I said to him:

> I did refer to you as "an imported miracle" because, as I explained to the audience, that is the way the government press treats you. I did say that you were born in the United States and that you subsequently went to England. That was said in explanation of the fact that you had little or no experience of local conditions and that you had been given a board to advise you, many of whose members were mere political hacks who would be of no assistance to you except along certain political lines.
>
> I did not say that you were "knighted for some pretended service."

I read this part of the letter in order to do justice to Sir Henry Thornton, because the newspaper report of my speech certainly did him an injustice, and it is only right that I should take an occasion as public as this, not of making reparation for my own fault, but of relieving him from the annoyance that must have been caused by what I contend was an inaccurate report. This is what I said to him:

> I have talked to the reporter who wrote the article and he says that his recollection is that I did say it. Nevertheless I am positive that I did not. All I know about your knighthood and all that I need to know about it is that it was given for war service and nothing could be farther from my thoughts or expression than to refer to these services as pretended.

You will notice that even if a thing makes against me I do not go back on it.

> The reporter, who is a conscientious hardworking chap with a desire to be absolutely accurate, admits that he may not have accurately expressed my statement when he used the words, "thrown out of a job in England." He admits that that reads as if you had been ignominiously dismissed and that I did not use language to convey that impression but merely referred to the cessation of your employment there. I did also refer to men having been removed as, "the second deportation of the Acadians."
>
> While from my own explanation you may think that the report is a fairly accurate one, yet I can frankly say that it does not in my judgment fairly reflect the character of my address. I referred, though the reporter has not mentioned it, to the Scribe Hotel in Paris and generally contrasted what has been done or not done in connection with railway administration in the Maritime provinces with the programme which was promised by the late administration and which would have been carried into effect if they had been returned to power.

I can assure you, Sir Henry, that I have not the slightest ill feeling towards yourself and I would be sorry to say anything of a personal nature which could give you pain or annoyance. Also, though I am opposed to political interference with the detailed operations of the railway, I do not believe that any administration can or should divorce itself from the general policy of railway administration. That administration should have as one of its principal aims the recognition of the needs of all parts of the country to such transportation as will enable the natural and basic products of each part of Canada to be supplied to other portions of the country and the withdrawal of business from foreign ports for the purpose of utilizing our own harbours.

On these questions you will find I shall speak freely and repeatedly until I see my views adopted or find that it is impossible to do so. I entirely concur that there is no place in this discussion for personal abuse and I am sure that you will acquit me of having had any intention of resorting to that style of persuasion.

I received in reply from Sir Henry Thornton a letter which was most courteous in its tone and which entirely accepted my communication, thus establishing a state of friendly relations between us. But I did not go back on anything that I had really said: I did not deny having made a speech on that occasion.

Mr. GRAHAM: You denied making that speech.

Mr. BAXTER: No; indeed, I admitted almost every word of it.

Mr. MACDONALD (Pictou): My hon. friend did not say anything about the title. Homer, it would seem, sometimes nods after all.

Mr. BAXTER: Never having been Homer I do not know. Homer, if I might observe this, is such a common designation for a Scotchman that I would let my hon. friend settle that question; I think perhaps Homer did nod to-night. Now, I am not going to go into the genesis of the matter, but the fact is that we have the National Railways, and that is all we have. I do not know that we should ever have had it if the people who think as I do had been settling the question. But we have it, and it is no use looking backward; we must look ahead. The railway must be made national and what we need in my judgment is a national railway policy which will make the railway subservient to the country. I want to put myself distinctly on record as saying that I believe it is the office of the government to give directions to the board of directors of the railways as to what this country wants accomplished, for I do not believe in taking the supine position that the whole matter should be turned over to the board of directors and that we should put up with exactly what they see fit to do.

Mr. FINN: Is that the policy of the hon. gentleman's leader?

Mr. BAXTER: I think my leader will concur in it. But I may remind my hon. friend that I have never yet seen the occasion, nor do I think the occasion will ever arise, when my leader will be found to be incapable of expressing his own policy for himself. And, what is more, there is never any evasion about his statement of policy; you get it straight from the shoulder. Now, I do not propose to allow myself to be misrepresented or misunderstood, so that when I say questions of policy I mean of general policy. I do not suggest that this parliament or this government or any other government should interfere, as has been done in some parts of Nova Scotia, in the detailed operation of the road by particular individuals. I leave it to the Minister of National Defence (Mr. Macdonald, Pictou) to start an inquiry to find out who has been doing that. Possibly he will be able to discover the offender if he will devote his attention to the pursuit of him. In the meantime I am going to suggest, in view of the fact that I have been put in an awkward position to-night, that the newspapers in Nova Scotia offer a small reward to find out who the real author was of the speech to which I have referred. I would even suggest that they give a ten dollar prize.

Mr. MACDONALD (Pictou): I rise to a point of order, Mr. Speaker. My hon. friend has been throwing out innuendoes in such a way that he has been able to circumvent the rules of the House.

Mr. BAXTER: I repeat, I have accepted my hon. friend's denial, and that is the reason I want to find out who masqueraded as the hon. gentleman; I am anxious to discover the identity of the person who impersonated him.

Mr. MACDONALD (Pictou): Some reference has been made to "peculiar politicians in New Brunswick," and—

Mr. BAXTER: My hon. friend will pardon my interrupting him. If I allowed myself to be drawn into that sidetrack the hon. gentleman might follow with the question, who it was that had stopped endorsing certain notes. Did my hon. friend ever do it, or has he left off doing it? Now, to come back to the subject that is really of more importance to the country than the discussion of some of the things that have come up in the last few minutes. I say again, that it is the office of the government to institute a policy in regard to the railways and to take power enough to have it carried out, and such a

policy must make the railways serve this country and not another country. Repeatedly in the public press, ever since the roads were acquired, we have had statement after statement—and we have had it in this House—that the Union government apparently was responsible for some sort of iniquity in taking over the whole of the Grand Trunk, because forsooth they had taken over the Grand Trunk from Montreal to Portland, Maine.

An hon. MEMBER: Hear, hear.

Mr. BAXTER: Somebody says, "hear, hear."

Some hon. MEMBERS: Hear, hear.

Mr. BAXTER: More say "hear, hear." Now let us have all saying " hear, hear." All together.

Some hon. MEMBERS: Hear, hear.

Mr. BAXTER: Very good! The training of my hon. friends opposite is admirable. I suspected it before, but I never had quite such convincing evidence that the applause accorded the Prime Minister was not spontaneous. I now know it was rehearsed. Well, if my hon. friends are in a receptive mood I want them to reflect for a moment on this acquisition of the Grank Trunk, including the line to Portland, Maine. In teaching one needs to use illustrations, and I think some of my hon. friends are still, or ought to be, in a state of pupilage on that subject. If you own a lot of land, and your neighbour owns a lot of land adjoining, that neighbour can pass over any part of his land when he likes and you have nothing to say about it. If, however, you buy his land you can stop him from even putting a foot upon it. I do not think we can get any political difference on that statement; the political difference comes when we talk about a railway running to a Maritime port or to Portland, Maine. So long as the Grand Trunk Railway Company, a private company organized and financed by British capital, owned the Grand Trunk railway, which had one of its connections running from Montreal to Portland, Maine, the people of Canada had no fair right to say to the private owners of that road: You shall not carry traffic over the lines of steel that you have laid down out of your own pocket. The moment the people of Canada bought that road and took it over they had as good a right to stop the use of those rails as they had to stop the use of any other part of the system. My question is: Why do they not do it?

Mr. FINN: I would ask my hon. friend if he thinks that the government of this country to-day, after the late administration under the right hon. leader of the opposition took the good money of Canada to buy the Grand Trunk from Montreal to Portland, should tear up the rails, abandon that portion of the road, and throw into the Atlantic ocean the money that was so improvidently spent by the late administration.

Mr. BAXTER: I wonder my hon. friend had not asked his question long ago. My complete answer is: They slashed a way through the province of New Brunswick, and ran what was once the National Transcontinental from Grand Falls to Moncton, with the idea of helping Nova Scotia—and it has never helped Nova Scotia one five-cent piece.

Mr. FINN: That is not an answer.

Mr. BAXTER: I cannot give an answer all in one sentence. My hon. friend took three hours and forty minutes the other night, and now he will have to give me some time. Now, on the National Transcontinental the rails are fairly rusty. It develops no local business. It does not help the province of Nova Scotia. The present government, or its political board, is not making daily use of those rails. Now, may I ask my hon. friend if the National Railway Board is bound to use those rails every day because they belong to the government?

Mr. FINN: My hon. friend—

Mr. BAXTER: Wait a minute. That did not come because of anything that my leader or any government he was associated with did; that came because of the unfortunate arrangement which was made by Sir Wilfrid Laurier and the Right Hon. Mr. Fielding. But the country has got the road just the same. It is a curse upon the country, but I do not see that that is any reason why we should waste money running trains over it every day if there is not business to warrant such operation. I would suggest that as we have not got traffic enough to run over that road and to run down to Portland at the same time, we should simply take the traffic that goes down to Portland and route it over those other rails into the ports of Halifax and St. John, using the rails within our own country. Now, of those two great connections one is bound to lie idle and unproductive. Shall the unproductive road be within Canada and the productive road in the United States? Or is this House and the present government willing to reverse the position? I understand Sir Henry Thornton, according to the newspapers, says that his business is to make money out of the whole system, and he is going to do it. Therefore until the government gives him directions to the contrary he

will be perfectly right in following that course. That means that where he can make more money by routing traffic through United States Atlantic ports than through Canadian Atlantic ports, then under his present declaration Sir Henry Thornton will route it to the American ports. What I want as compensation for what we in the Maritime provinces have given up and for what we are suffering is the mandate of the people of Canada, expressed through this government, to Sir Henry Thornton and his board of directors: Here, even if you make less money by handling the traffic through Canadian ports, that is the way you must route it, and that is the National railway policy of Canada.

Mr. FINN: If shippers in Canada will not route their traffic except through Portland, how are you going to make Sir Henry Thornton do as you propose?

Mr. BAXTER: In the first place, my hon. friend is beguiled by this myth of routing. There is not nearly so much specific routing as he thinks or as we are led to believe. In the second place, my hon. friend ought to know painfully that back in 1898 a Liberal government put a differential on the Intercolonial railway against the port of Halifax and in favour of the port of St. John, and that that was removed only a few months ago.

Mr. FINN: That was agreed to by the people of Halifax and by the Board of Trade of Halifax.

Mr. BAXTER: And it was complained of, and justly so, ever afterwards.

Mr. FINN: It was done under statute.

Mr. BAXTER: Surely my hon. friend has had experience enough of the power of a differential.

Mr. FINN: Oh yes.

Mr. BAXTER: And if Sir Henry Thornton wants to serve Canadian ports, all he has to do is to charge a higher rate—which is a differential—for hauling to Portland, Maine, than to Halifax or St. John, and the freight will go by the cheaper route.

Mr. GRAHAM: Does my hon. friend realize that as soon as the traffic gets into the United States it is subject to the Interstate Commerce Commission? I am treading on delicate ground. Let the Canadian National Railway take steps towards making traffic in the United States difficult over the line that we own in that country, and he will find where we will land with the Canadian National, not in the East but in the West where we get our through traffic.

Mr. BAXTER: There is a way of dealing with that—make your rates cheaper to St. John and Halifax, and let the country bear the difference for the sake of building up the National railway.

Mr. GRAHAM: That is another policy.

Some hon. MEMBERS: Oh, oh.

Mr. BAXTER: I hear groans. There is to be no Canadian national spirit for the benefit of the Maritime provinces, but we can submit to the Crowsnest pass agreement for the benefit of another part of Canada. Is that the way to bring east and west together? Is that making a United Canada? Where are all the Prime Minister's platitudes now, in view of the groans and roars from the other side of the House—platitudes about Canadian unity denied and discarded by his own followers almost before his voice had ceased to echo in this room. Let us come right out in the open and see where we stand. We will find out whether it is to be a united Canada, or whether it is to be united without us. As I said before, you will not drive us out of Confederation, but you are starting now the agitation on the part of the Maritime provinces that will eventually win this case, and you may as well prepare yourselves to adjust the business of the country to those conditions, for sooner or later you will have to do it.

Mr. MacLEAN (Prince): The hon. gentleman started that propaganda last fall.

Mr. BAXTER: I did not start that propaganda last fall. I started the idea of Maritime unity long before, and I have joined in with the idea of Maritime co-operation, but what I found was that in the city of Halifax, and I think throughout the province of Nova Scotia, the idea is there among the people and it will get expression. I have been one of those who gave it voice, and only one among a number, but the feeling is so deep-rooted that the government is going to realize what the real soul of Nova Scotia is feeling over the treatment it has received.

Now I call the attention of the House to another fact. Out of the ports of Canada to the United Kingdom and to other countries, wheat and flour, all converted into terms of bushels, were exported in 1922 to the amount of 61,000,000 bushels, and by United States ports in the same year over 113,000,000 bushels; in 1923 nearly 116,000,000 bushels were exported through Canadian ports, and nearly 149,000,000 bushels through United States ports, a better relative showing. But the object of our railways should be to in-

duce the export of every bushel of Canadian wheat through Canadian ports. I am not asking now for any special privilege for the Maritime provinces. I am only asking the Liberal party to be true to its really great leader, to implement the words of Sir Wilfrid Laurier, who said he would never be satisfied until every pound of Canadian traffic was carried over Canadian rails to Canadian ports.

Mr. FINN: He never intended to buy the Grand Trunk then.

Mr. BAXTER: But he intended to build the Grand Trunk Pacific and the National Transcontinental, and he built them.

Mr. FINN: All in Canada.

Mr. BAXTER: Certainly, all in Canada. I wonder if my hon. friend objects to taking traffic from Ontario or other parts over the Grand Trunk Pacific.

Mr. FINN: Certainly not.

Mr. BAXTER: I would hope not. I wonder if my hon. friend realizes that the traffic would be comparatively small if it were limited to traffic originating on the Transcontinental railway, and not very large if it were limited to the Grand Trunk Pacific. The real feeders have been the portions of the Canadian National system, and without them this system of railroads would not have had much vitality. Personally I would rather have seen it under private management, but it is now under public management, and I want that management directed to make the best use of the road for Canadian ports on the Pacific and on the Atlantic.

Now on this transportation question someone spoke at a public meeting in the interests of the Liberal party in tolerably similar language to what I am about to utter:

> Would you consider that it is wise to send these people back? In the old days we could send coal in the winter time from the mines at Stellarton to Montreal. The freight rates under the Liberal government were $1.90 a ton return for nearly a thousand miles. The rate that Colonel Cantley and D. B. Hanna have to-day is $4.20, or an increase of $2.30 per ton on Nova Scotia coal when you send it to Montreal.
>
> Take steel. What was the rate charged on steel in the days of the Liberal government? Cost from Trenton to Montreal $3.50 per ton. What is the rate to-day—$7.80 per ton, an increase of $4.30 a ton on steel. Is it any wonder that the steel works are not working?
>
> But we who are fighting the battles of the Liberal party are pledged to at once take steps to see that the I.C.R. comes back to the hands of the people of the Maritime provinces and that it will be operated under a readjustment of the freight rates, where only the cost of operation of the part of the railway in which we are interested will have to be taken into account.

[Mr. Baxter.]

Well, I wonder if anybody ever made that promise. I wonder if any member from Nova Scotia has ever attempted to implement it. I wait for an answer.

Let me point out to the House some of what might be called minor matters in railway rates that do not receive the adjustment or the attention I think they should in the Maritime provinces. The other night the hon. member for Prince represented me as having somewhat improperly dealt with certain railway rates. Now I dealt with the reductions according to the best information I could get, and I know the figures are substantially correct. I would ask the hon. member to compare the rates of 1897 all over Canada with those of 1924, and he will find that our rates in the Maritime provinces, and generally the rest of Canada are vastly higher, that the rates shot up for a few years while the Crowsnest pass agreement was suspended, and they are now back again to the terms of that agreement. There was some little alteration by the Railway Commission, but very small, and I think a moment's comparison of the rates as they are now with the rates for the same products in 1897 will convince the member for Prince that there is something that calls for his work in trying to get a re-adjustment, instead of simply petty criticism of the addresses that have been delivered against the government in the by-election in Halifax.

I have in my possession a letter from the Mann Axe Company of St. Stephen, N.B., and it throws rather an illuminating light on the treatment the railway accords to manufacturers. Now we have basic materials in Nova Scotia, and we are willing to manufacture in New Brunswick. We want our market, and what treatment do we get? The Mann Axe Company say in December last:

> We ordered some goods from Brockville for export to Newfoundland, freight was to be allowed to North Sydney, but instead of any freight allowance we have a charge of the difference between 75c. and 97c. per 100 lbs.

And they go on to quote the railway's confirmation:

> As the rate from Brockville to North Sydney is 75c. per 100 lbs. and the rate from St. Stephen to North Sydney is 97c. per 100 lbs., you can readily understand there is no freight allowance to be given you, but instead a charge of 22c. per 100 lbs.

These people are to-day the only manufacturers in their line of any consequence in the Maritime provinces. Two other concerns have been driven out of business in St. John, probably on account of freight rates, companies that had been manufacturing for nearly

fifty years. Now instead of manufacturing axes in St. John one of the concerns is importing from the upper provinces goods they are selling under their own brand and label. That is not the sort of thing that conduces to a satisfactory industrial condition.

Mr. GRAHAM: Which firm is doing that?

Mr. BAXTER: I think it is the Campbell Brothers that are doing it.

Mr. GRAHAM: Not the Mann Axe Company?

Mr. BAXTER: No. This other company went out of business as far as manufacturing is concerned.

Mr. LOVETT: When did they go out of business?

Mr. BAXTER: The Mann Axe Company is not out of business; it is this other concern.

Mr. LOVETT: When did they go out?

Mr. BAXTER: Just a few years ago. That is they went out of the business of manufacturing. They are selling articles made elsewhere.

Mr. GRAHAM: I do not want to interrupt my hon. friend but I am very sensitive as to complaints about our railways being unfair. The complaint as read by the Mann Axe Company is based on a statement by them that they were promised a certain rate and did not get it. Now where is the proof that they were promised such a rate?

Mr. BAXTER: I cannot say, that, but what I point out is this: Instead of having oppressive local rates in handling business of this character they should be given the benefit of some kind of a through rate to Newfoundland, an export rate. Now I am told the same thing comes up in regard to Newfoundland which depends largely upon the Maritime provinces for some imported commodities, among them fodder for live stock. In 1922 New Brunswick had a good crop of hay. But the furtherance charge on this commodity via North Sydney was withdrawn leaving regular local mileage rates on hay in effect. In consequence New Brunswick could not compete. Now, Newfoundland purchases largely in the United States. Commodities arriving from Chicago and Central Association points are covered by tariffs granting furtherance rates to North Sydney and thus compete with Canadian manufacturers. In other words people running from Chicago points can get these furtherance rates and people in Canada and the eastern part of Canada do not get them.

Then we have in regard to Prince Edward Island a special commodity tariff on oats in carload lots. I am told this is merely a farce, and that the so-called special rates that were put on from points in Prince Edward Island to Maritime provinces points for local deliveries were nothing better than standard 8 class rates.

Then we have on examination of the tariff the undoubted fact that on iron and steel commodities from 1916 to the present date rates have been advanced from 100 to 150 per cent. From the government of my own province which professes to be dealing with the matter of freight rates I find there has not been a single representation made here on the subject of railway rates. At any rate in a return brought down to the House I looked in vain for any communication from them. I do not know what they are doing. Up to a few weeks ago there had not been a single letter, or telegram, or bit of correspondence produced. I think the railway authorities ought to be alive to the situation but I am rather surprised that the provincial government of New Brunswick would be so supine in this matter when there has been so much discussion in the Legislative Assembly with regard to it.

Now I want to come to something else. I know this speech is painfully long, but there are not many opportunities of bringing some of these matters to the attention of parliament. I have been discussing railway problems from what I think is largely a local standpoint. There is a bigger standpoint than that. I tried to emphasize earlier in my address the necessity for tackling as big a thing as the sales tax and eliminating it as soon as possible. There is a similar proposition to be grappled with in connection with the railway and yet it does not seem to matter as no one thinks of it. Do hon. members realize that the operating revenue from all the railways of Canada aggregates nearly $475,000,000. That is not merely the Canadian Pacific and the National but takes in all the smaller roads. That in other words is the total amount of money that the people of Canada as a whole pay for railway rates whether passenger or freight. Now that is distributed among several roads but the principal earners of the money are the National and the Canadian Pacific; the others are almost negligible. Now what do we see going on in the country from day to day? These two great national systems—for they are both national—jockeying one another for position. Almost any day that you went into the railway committee room lately you would find some discussion about possible parallels. An

examination of the railway map shows the parallel. All you have got to do is to take a trip, for instance, from Ottawa to Montreal and you find practically four parallels. Go from Montreal to Toronto and you have parallels. There are many other parts of the Dominion where you will find parallels. The whole administration of both railways to-day is based on the principle of competition. People say when there is competition the consumer gets the benefit. In this case the rates are fixed by the railway commission and all that this competition can do is to increase the cost of service. I had the honour of suggesting that idea to the former Minister of Railways, Hon. Mr. Kennedy, and I wish to say again, as I said before, that I regret very much that death put an untimely end to his career, because I believe he was a man big enough and strong enough to have grappled with this railway problem. I trust that my hon. friend who occupies the position of Minister of Railways at the present time may have vigor enough and interest enough to grapple with the problem as well.

On a question as large as this is I think it is my duty as well as my privilege to give suggestions. My suggestion is this: I think these two roads ought to be asked not to compete but to co-operate. I would suggest that the directorate of each should appoint some small committee that would have no power whatever except the power of consultation and making representations, and that that joint committee should, with all the expert advice possible, devote itself to the problem of settling what service or forms of service can be dispensed with in Canada, still preserving to the people, not perhaps the service that they want nor perhaps the service that they think they are willing to pay for but the service they ought to be able to afford to pay for. There are many places in Canada where we do not need palatial trains or palatial cars. Where two points are connected all the special services could go by one line. If one road gets it the other road may feel it is not being treated fairly, but that can be compensated for by giving it something in another part of the country. In other words put the two of them together to solve the problem as if it were one of joint operation. What will the result be? That their operating expenses will decline and that by the decline of the operating expenses the demands on the people of Canada, who foot the total of this bill of $475,000,000, will be lessened. The money that is returned to the pockets of the people for railway service is just as much a remission of taxation as the money that is cut off by lower duties on any particular commodity.

[Mr. Baxter.]

Now there, in my opinion, Mr. Speaker and gentlemen, is a real problem and one of enough magnitude to be worth tackling. This is no piffling about five per cent or two and a half per cent or anything of that kind—not a discussion between a lawn mower and a reaper. It is a big thing. It may easily mean $40,000,000 or $50,000,000 saved to the people of Canada, or $40,000,000 or $50,000,000 more left in the common pot to be available to bear the burden of the country. That is the real economy that is worth considering, not the sort of economy that roots among the offices of the Civil Service and tries to cut off $400 here and $500 there, and winds up by saving $30,000 or $40,000. I do not say that should not be done, if useless or unnecessary people are being employed, but all you can save by those methods is a mere nothing. Tackle a big problem when you are at it and go at it man fashion.

My right hon. friend the Prime Minister in an address to this House said the only questions that were discussed in the by-elections of Kent and Halifax were local questions, except where appeals were made as they had been made by the hon. member for St. John of a sectional character—sectional appeals to one part of the country setting it over against the other. He also added that among the government following from one end of the country to the other, the fact that many of those who had been bitterly opposed to the government, men who had been prominent in Tory circles had been given political appointments under civil service administration, more than anything else had created dissatisfaction with the government. The Prime Minister is quite right that there is dissatisfaction with the government from one end of the country to the other, but he is entirely mistaken as to the cause. He may repudiate the Civil Service Commission if he will, but he has not pricked the blister yet.

If what I have said to-night be sectional, if it be unpatriotic, or if it be putting one class against another, or one part of the country against the other, I tell him that this is precisely the sort of talk that I and others associated with me indulged in in the counties of Halifax and Kent, and that we found a body of people there who needed no preparation, who were thinking the same thing and only asking public men to give expression to it, and yet I have heard the attitude we have adopted described by some hon. members in this House as parochial; and it seems to me that it comes to this: If you talk about spending the public money to bring coal at less than cost from Alberta

to Ottawa then it is national. If you speak of bringing coal at cost from Cumberland to Montreal, it is parochial. If you speak of carrying wheat, lumber or fish from the Pacific, it is national. If the concessions apparently are all to be for one interest, then it is national. to the deprivation of all other interests. If we complain about it, we are parochial. Free trade evidently is national in its scope, protection apparently is parochial. Tell that sort of thing to the artisans of this country who depend upon that protection, and who depend upon a wise and fair solution of our transportation problems in order to enable them to participate to the fullest extent that this country can afford. In conclusion I ask this House and this country to adopt a real policy, give us Canadian railways for Canadian ports. Give us a limitation of the British preference to British bottoms and to Canadian ports, give us Canadian tariff to protect Canadian interests, give us Canadian coal for the use of Canadian people, give us Canadian steel for Canadian use, enable us to transport Canadian fish to Canadian consumers. In short, let us have Canadian products for Canadian users and Canadian railways for the Canadian people — national policy from beginning to end and from East to West.

Hon. ERNEST LAPOINTE (Minister of Justice): I must apologize, Mr. Speaker, for attempting to address the House at this late hour. I am not responsible, however, for the lateness of the hour. My hon. friend who preceded me is more responsible than I am. I will omit the usual preliminary remarks and the usual compliments. I will try to deal with the questions before the House from a national viewpoint and not from the point of view of an election campaign in the Maritime provinces. The budget is a Liberal budget. That is why my hon, friend seems to dislike it. It is based on the traditional policy of the Liberal party, a policy which is one not of free trade but of freer trade, and based on a proper consideration of the interests of all classes of the community. It has been greeted with satisfaction by the large majority of the people of Canada. It will carry much larger support when the clouds of poison gas that have been spread are lifted, and when the troops of bogeys who have been let loose to play havoc with the common sense and intelligence of the population are dissipated.

The government has redeemed the pledge that was given in the Speech from the Throne. Three or four days before the budget was delivered, I believe, the right hon. leader of the opposition (Mr. Meighen) addressed a meeting in the city of Windsor, and ventured a prediction that there would be no reduction in the duties on implements of production. As usual he was wrong. My only hope is that experience will teach him the wisdom of some modesty in political predictions. The government has redeemed its pledge, has reduced taxation by an amount of $24,000,000, and has removed that burden from the shoulders of the ratepayers of Canada. It is rather a large amount. Three dollars per head for every man, woman and child in Canada might seem a very small sum for the financial magnates of the opposition, but it is quite an amount for the hardworking labouring men and the farmers, and that reduction has been made on articles which have been used by the many rather than the few .

I have heard some members in this House express regret that the income tax has not been reduced. My hon. friend from Waterloo (Mr. Elliott) is one of those who expressed that regret. The payment of taxes by itself in an irksome task. The rendering of returns to the government puts one in an ill frame of mind. Even I, with my serene and calm temper, must confess that I am not exempt from that weakness, but the income tax has that advantage of being levied on those who are more able to pay it. Before the income tax could be reduced, the burden of taxation should be lessened on those of the poorer classes of the community.

In dealing with the budget and more particularly with the changes in our taxation, the government had to take into account three main considerations; the necessities of the revenue, the needs of industry and the interests of consumers. I have already stated in this House that I am not a fanatic in matters of trade. The words "protection" and "free trade" are not to me the red rag which they seem to be to some of my friends on both sides of the controversy. This is a very imperfect world, and we have to deal with things as they are rather than as we wish them to be. A battle of words or on words is useless. The word "protection" in itself is a fine word and it appeals to me; but I would rather like its meaning to be broader, and I would apply it to the farmer, the labourer and the consumer at large, and protect them against high prices of articles which they have to buy.

I have met few people who do not admit that a condition under which nations would exchange the articles which they are best able

to produce would be a beneficial condition to everybody. Most protectionists admit that, but they dismiss this statement at once as an ideal which cannot be attained. The discussion in the House on this budget has shown the accuracy of my statement. I have heard the hon. member for Centre Vancouver (Mr. Stevens) defend protection or a tariff as a bargaining power with other countries. Bargaining for what? Bargaining, indeed, to obtain concessions and to have larger freedom of exchange with that country. I have heard the hon. member for Kingston (Mr. Ross) defend protection and claim that the tariff was necessary as a weapon for retaliation. What is the purpose of retaliation, if not to obtain concessions from the country against which retaliation is made? Indeed, those were the arguments of Mr. Chamberlain when he launched his campaign in England for tariff reform, and in Canada that was the great argument of the father of the so-called National Policy in 1878. He made it a part of his resolution in the Canadian House of Commons when he introduced the National Policy in this country. These are the last words of his resolution:

> And moving—as it ought to do—in the direction of a reciprocity of tariffs with our neighbours, so far as the varied interests of Canada may demand, will greatly tend to procure for this country, eventually, a reciprocity of trade.

The idea of a greater freedom of trade should not, therefore, be abhorrent to any of those hon. gentlemen who admit that their policy or doctrine is temporary, is not an end, but a means, and should end when the goal is reached which they intend to reach. That is a reason why there cannot be any permanency of tariff, because when the bargaining power which the hon. member for Centre Vancouver spoke of is used successfully and when the retaliation suggested by the hon. member for Kingston is also used successfully, in order to secure better and longer freedom of trade with other countries, then obviously the goal is reached and there must be a change in our tariff. Only in freedom could stability be made permanent, and we all think that it is impossible to have free trade in this country at the present time.

As regards stability, did you notice, Mr. Speaker, that those who proclaim most loudly the necessity of stability are quite willing to compromise when the demand is for an increase of duty? Stability works when the question is one of reduction, but the principles are not quite so inflexible when there is a demand for higher duties. I cannot admire such logic and consistency. If reciprocity is admittedly the goal of many protectionists, I believe that a common ground could be found. There are few free trade doctrinaires in this country. Most people who oppose protection do not like the artificial raising of prices on many articles at the expense of the community; but they admit, as a rule, that the tariff is a means of getting revenue, and as there must be revenue in Canada, especially at the present time, in order to meet the expenditure of the country, there could not be any great objection to a tariff for the purpose of securing that revenue. High protection as well as free trade would kill the revenue. When the protection is so high that the foreign goods cannot enter this country, there is no customs duty, no revenue, and other forms of taxation must be devised. Those duties, if applied scientifically from a business viewpoint, in such a way as not to hamper production in those basic and indigenous industries of our country, will still afford an incidental protection that should be sufficient to preserve our industries. Is not then a tariff for revenue a basis on which well meaning, reasonable moderate people could have an understanding? Is not a tariff for revenue a fair compromise? Compromise, after all, in the sense of avoiding extremes, is a British characteristic; the British Empire has been built on compromise, and by compromise it has been kept alive. My hon. friend from Vancouver (Mr. Stevens) the other day said that we were opportunists on this side of the House. I remember having read a speech of Sir Henry Campbell-Bannerman in answer to a similar charge made against him in the British House of Commons, and he said virtually this: "Well, there is such a thing as good opportunism in the sense of not endeavouring to do what is at the moment impossible and not rushing precipitately at the thing which cannot be attained immediately; for in trying so to accomplish your purpose you are apt to hurt the very cause which it is your desire to serve." That, I agree, is good opportunism. Why, Mr. Speaker, most of the good that is accomplished in the world is accomplished by such means. Every soldier that knows his business is an opportunist; every seaman battling with the elements is an opportunist; so is every physician and every engineer. Even St. Paul was an opportunist, because he said:

> All things are lawful unto me, but all things are not expedient.

In economic as well as in other spheres the part of wisdom is to avoid extreme views,

to eschew the too much and the too little, the too fast and the too slow, and even to be capable of retracing some steps in order to strike the right path.

So far as the needs of industry are concerned, I think we have been careful in that regard. My right hon. leader said prior to the last general election—and these words have been referred to frequently in this debate—that no legitimate industry would suffer as a result of the changes which would be made by his administration should he be returned to power. Well, I claim that no industry has suffered, nor will any suffer, as a result of the changes that are made in the tariff. Is there any suffering evident anywhere? We do not believe it. We believe that it is in the interests of Canadian industry to open foreign markets, to have greater freedom of exchange with other countries. We cannot sell without buying. I see my hon. friend from York (Sir Henry Drayton) laughing, but he knows that what I say is right; we cannot sell without buying. The export business is not a gift, it is a matter of trade, and we must be prepared to buy goods from other countries. What is the hon. gentleman muttering about?

Sir HENRY DRAYTON: The minister is asking me a question it seems, and I suppose he wants an answer.

Mr. LAPOINTE: I want my hon. friend to voice his views audibly.

Sir HENRY DRAYTON: With our present unforeseen balance against us we have a large amount of outside credits against which we can sell. We have imported many hundreds of millions of dollars' worth of coupons against the interest on which goods can be sold. If my hon. friend does not know that he ought to.

Mr. LAPOINTE: My hon. friend has waited until the end of the debate to tell us that we have a balance against us. Let me tell him that he is wrong; we have a balance in our favour.

Sir HENRY DRAYTON: My hon. friend is putting words into my mouth and I object to that. I am talking about interest coupons we have to import, and he is thinking only of a visible trade balance.

Mr. LAPOINTE: That is not the question. I happen to have the floor at the moment and I should like to be allowed to proceed. I say that industry has not suffered, and I go further and say that no industry will suffer, as a result of the tariff changes. A statement of the Massey-Harris Company issued recently seems to have disappointed hon. gentlemen opposite; they do not like it. They would have liked to see that company close its doors they would like to see blue ruin and disaster in order to achieve political success.

Mr. HARRIS: Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. LAPOINTE: At this late hour I must ask hon. gentlemen to be good enough to let me proceed. I repeat, my hon. friends opposite seem to be in partnership with calamity and desolation. We have heard many stories of the chimerical closing of bogus factories, and other statements which Ananias would envy. Now, my hon. friend from Richmond and Wolfe (Mr. Tobin) handed me a few moments ago a letter which is very interesting. On April 1 he wrote to Mr. J. O. Darche, who last year was president of the board of trade of Sherbrooke, Quebec, and who, I may say, is not a political friend of the government.

Mr. Tobin's letter is as follows:

My dear DARCHE,—

I see in last Friday and Saturday's papers the statement that there are six manufactures closed down in Sherbrooke on account of the tariff. This was a surprise to me as I never heard any talk about such a state of affairs. I would be very pleased if you could let me know, if such is the case, the names of those manufactures, etc. In so doing you would oblige.

Yours very truly,

E. TOBIN.

Let me read the reply:

Dear Mr. TOBIN:

Replying to your letter of the 1st instant re statement made at a meeting of the Rotary Club and Canadian Manufacturers' Association at the Sherbrooke House on the 25th of March last, by Mr. Geo. D. MacKinnon, I beg to report the following. The manufacturers referred to are The Regal Tire Co., The Geo. St. Pierre Co., The Hamilton Shoe Co., The Jenckes Manufacturing Co., The Goupil Chocolate Manufacturing Co., and the Manganese Steel Co.

Now, The Regal Tire Co., The St. Pierre Co., The Hamilton Shoe Co., the Goupil Co., failed from two to five years ago, The Manganese Steel became in financial difficulty lately apparently for other cause than the tariff question, and the Jenckes Co. were absorbed by the Canadian Ingersoll Co. immediately after the war.

It is the opinion of our industrial commissioner that this statement of Mr. Geo. D. MacKinnon of the Canadian Manufacturers' Association was an argument to favour their particular cause.

Hoping this explanation will be of some help to you, I have the honour to be,

Your friend,

J. OMER DARCHE.

Already the nightmares created by that flood of misrepresentations are vanishing. The idea that people could be carried away

by such a panic-mongering campaign was an insane miscalculation, and history will repeat itself in that regard. When in 1897 the Liberal tariff was introduced in this House Sir Charles Tupper, the then leader of the opposition and of the Conservative party, gave expression to the following language:

> The result is that this tariff goes into operation and the hon. gentleman knows that the industries of this country are already paralyzed in consequence, while hon. members gloat over the destruction of Canadian industries. I was reading the wail, the sorrowful wail, of these industries in the Montreal Gazette, where one manufacturer after another declared that those industries were ruined, that their mills must close, and that they saw staring them in the face a return to the deplorable state of things that existed when the hon. gentleman who last addressed the House was in charge of the fiscal policy of this country. I say that a deeper wrong was never inflicted upon Canada.
>
> I feel that so far from rejoicing at it from a party standpoint, I deplore from the bottom of my heart the ruin that is going to be inflicted upon the best interests of Canada, and upon its great industries. Still I unhesitatingly say that, from a party point of view, the hon. gentlemen are doing our work; they are showing the people of this country that no reliance can be placed upon the most solemn declarations that they make either in the House or out of it; they are showing the people of this country that, having obtained power, which was all they wished for, they are now prepared to abuse that power at a cost of sacrifice of the industries of Canada.

The very words which we have heard in this House for the last four weeks! And even the good old Montreal Gazette still doing its work as it was doing it at that time —defending Toryism every morning and telling its tale of woe. Well, such was not the case. Those predictions did not prove true. Indeed they proved so untrue that a few years afterwards those gentlemen were carrying on their campaign by saying: Let well enough alone, we are doing too well to change.

We believe in the tariff changes that we have proposed, and we are prepared to fight for them. We are going to fight in this House and out of it for the principles embodied in those changes. I am sorry indeed that some of our friends may not agree with us, because, if so, they are going to deprive themselves of the pleasure of carrying on a triumphant fight against the combined forces of Toryism and selfishness and against some watered stock mandarins who masquerade as the champions of Canadian industry.

The propaganda has started; we have it now. I have here the Journal of Commerce of April 3, containing a report of a meeting of the Eastern Manufacturers in Montreal, under the title: "Eastern Manufacturers combining for Tariff Fight: Plan to unite all sections of business and members of political parties to fight for higher tariff." I quote these two paragraphs from the report:

> The plan when put in operation will probably be modelled on the—

There is a blur at this point—

> —of 1911, which so successfully fought reciprocity at that time; and it will include as the principal plank of its platform the commonsense suggestion that all those who think alike on national questions get together for national interests, irrespective of the party labels of individual manufacturers. In this way it is hoped to bring together for the purpose of securing a higher tariff, the business section of the Liberals of Quebec and Conservatives of Ontario whose tariff aims are considered to be identical. The plan would be broad enough to include all classes of business life, on the theory that the interests of classes not directly related to manufacturing interests are in reality bound up with them. The first—

And I call the attention of hon. members to these words:

> The first definite expression of the campaign was a get-together non-political rally held last week in Montreal when four hundred Conservative manufacturers' association delegates from all over Quebec made an impressive demonstration in support of criticism of the present tariff.

Well, this propaganda will not be successful. We will appeal, and I believe successfully, to the manufacturers who have achieved success through hard work and keen business methods, who trusted the Liberal party when it was attacked in the past, who trusted Sir Wilfrid Laurier when he was assailed in the same way as my leader is being assailed today, and who do not believe that it is in the interests of Canadian industry that their association or group should be made an adjunct, or, to use words familiar in this House, a "dilapidated annex" of the Tory party. They realize that there is danger in such an attitude. They know that this country is so vast and has such various and diversified interests that no public man, indeed no progressive business man, should centre his views upon purely local or provincial enterprise and ignore those questions which are fundamental and which must be studied and so dealt with as to make this country prosperous. Those chiefs of industry I think we can successfully appeal to from this higher plane, and I believe that our appeal will be responded to. Our governmental institutions and politics must not be bent in the direction of any class interests, but must be based on the principle of equal justice to all as the only means of safeguarding national peace and normal evolution.

I believe that the changes in the tariff will reduce the cost of living substantially and alleviate the troubles of our consumers during the crisis which they are passing through as

the result of conditions which are prevailing throughout the world. Pending a gradual recuperation of the purchasing power of the nation, the obvious remedy, and the only remedy, is a reduction in prices. Ask any influential man in our rural districts and he will tell you that the farmer is suffering from the high price of everything he has to buy. That is the reason that so many cannot make both ends meet and are attracted by the lure of foreign countries. Any policy which will decrease the cost of living and the prices of
2 a.m. what the farmer has to buy will afford him most necessary relief.

Hon. gentlemen opposite have referred many times to the exodus from Canada, to the fact that so many of our fellow-countrymen are going to the United States. Surely they do not expect the people to believe that those who left us two or three years, or even one year, ago did so on account of the present tariff changes? The primary cause of this exodus is the high price of everything and the lack of purchasing power, which I hope will be partially remedied by the decrease of taxation and the resulting reduction in prices. Industry and agriculture must not quarrel with each other; they must help each other in the interests of production. The Canadian nation has its roots in the soil. I was reading a few days ago in the English Review the words of Lord Milner, who in a preface to a pamphlet on the place of agriculture in the life of a nation wrote:

> Unless we are prepared to make a serious and sustained effort to preserve it, agriculture in Great Britain seems doomed to progressive decadence, but if we acquiesce in the decay of agriculture that is to incur national disaster.

Those words are much truer when applied to our Canadian agriculture. I may remind hon. gentlemen that there is a difference between agriculture and the other industries in this, if another industry than agriculture declines or disappears it may be replaced by another industry, but there is no substitute for agriculture.

It has been suggested that the reductions made in the tariff this year have been made to answer the demands of the western farmers, and even to cajole them. Mr. Speaker, were it true that these reductions are made solely to give satisfaction to a large section of the Canadian community and in order to achieve a greater unity in this country, they would have much value, but the western farmer is not alone in his claim for a lower tariff on the instruments of production. My hon. friend the ex-Minister of Finance (Sir Henry Drayton) will not be surprised if I remind him that he made a tour of this country in 1920 as an investigator for the purpose of getting all the information necessary for a revision of the tariff. Indeed in the session following, we were told in the Speech from the Throne that there would be a revision of the tariff. During my hon. friend's peregrinations he came to the good old city of Quebec, where he listened to much testimony that was given before him, especially by the manufacturers; but the farmers came too, and I have here a copy of the evidence that was taken before my hon. friend. The leaders of the agricultural societies of the province of Quebec appeared before the commission, and I see attached to a memorandum they presented the names of:

> N. Garneau, President Breeders' Association of the Province of Quebec and Member of the Council of Agriculture.
>
> Aug. Trudel, Manager Co-operative Central de Agriculture de Québec.
>
> Frank Byrne, President of the Breeders' Association of the Quebec District.
>
> Louis Lavallee, Gérant de la société Coopérative Agricole des producteur de semence de Québec.
>
> John Hay, M.P.P. Argenteuil and Member of the Council of Agriculture of Quebec.
>
> Georges Bouchard, Professor at the Agricultural College of Sainte Anne de la Pocatière, P.Q.
>
> C. A. Fournier, M.P., Bellechasse.
>
> Elizee Theriault, M.P.P. for L'Islet
>
> Gustave Boyer, M.P., President Dariy-Men's Association of the Province of Quebec and President Maple Sugar Co-operative Society of the province of Quebec.

I see that Mr. Garneau appeared before the commission and said:

> The intensified difficulty of the farmers' position resulting from the high prices of machinery and of the different materials and merchandise necessary to agricultural operations and to the requirements of the family justify the demand for a general lowering of the tariff on all the articles required for the cultivation of the soil and for the support of the family.

Then they give a list of the instruments of production which they want to make free or on which they wish a reduction of duties. Mr. Garneau also says:

> The reciprocity claimed by the farmers in 1911 was combatted by the manufacturers, which did not, however prevent the great majority of the electors of Quebec from favouring the measure. In 1917 one of the principal articles of Sir Wilfrid Laurier's programme included the lowering of the duty on all agricultural implements and the promise of a tariff reform which while sufficiently protecting the Canadian manufacturing industries would have greatly improved the condition of the farmer, of the workman, and of the Canadian consumer in general.

I could read what other gentlemen said before the commission, but it is practically the same thing. So the demand for a lowering of duties on agricultural implements and the instruments of production generally does not come exclusively from the west as my hon. friends opposite like to repeat under so many

different circumstances. Now if a farmer saves $25.00 on the purchase of his implements, he will be able to buy goods which he could not afford to buy otherwise. This means increased production for other manufacturers. These are the considerations which have influenced the government in proposing the changes which they have submitted to the House. The responsibility of many of our critics is to their board of directors and to their shareholders. We are responsible to the people of Canada. Our responsibility is even to the future of Canada, to those future Canadians to whom we want to bequeath a united country.

My hon. friend from South York (Mr. Maclean) whom I am pleased to see in his seat at this late hour, told us the other day of what he called a romance, and indeed it was a fine piece of fiction. There is another fiction which I would like to say a few words upon, although my right hon. friend the Prime Minister has already alluded to it.

I was elected to this parliament in 1904. I was a young man coming here, with all the enthusiasm of my age. I was proud then as I am to-day to call myself a Liberal. By temperament, by training, by aptitude, I could not be anything else.

But, sir, I do not hesitate to say that my greatest incentive, my real source of inspiration was the unbounded admiration I had for the then illustrious leader of the Liberal party, my late chief, Sir Wilfrid Laurier. I have followed him to the very last moment of his life. My political principles, the things I hold dear in public life, I have learned and received from him and even now his revered memory is a fiery cross which lights the way through the difficulties we have to face. I say it is a crime on the part of those who were strangers to his spirit and opposed to his policy, who fought against him, sometimes in a most unfair way to endeavour to use his name to cover their mistaken policies and propound very illiberal doctrines. He devoted forty-five years of his life to the pursuit of freedom and the advance of right and we who were his associates, his companions, his devoted followers, his disciples, will not allow those former opponents of his to misuse his noble figure in support of their reactionary principles. I could quote the words of Sir Wilfrid Laurier, prior to 1896 and since that time. They would be worth publishing and will be published some day, but I do not think it is necessary that I should read them here to-night. I do intend, however, to read the words which my right hon. leader read because they were uttered in the last speech Sir Wilfrid Laurier delivered. I may perhaps ask the liberty to read those words again in order that they may be included in my remarks. Addressing the Eastern Liberal Ontario Association on January 14, 1919, Sir Wilfrid Laurier spoke as follows:

> In this country, Sir, Liberals have always been the disciples of the British people on the question of commercial freedom. Indeed, many years ago—when you recall that time to-day in the resolution which was passed upon this subject at the convention of 1893, we declared against the principle of protection, and when we had the opportunity we lived up to our declaration. Sir, it has always been made a cause of reproach to us that when in office we did not adopt but were recreant to our declaration. Such a reproach cannot reach us. We were not recreant, We proceeded step by step towards the goal, always keeping it in view, never imposing a duty for protection's sake only but always acting on the principle or the basis of a tariff for revenue and revenue only. This was our policy in the past, it is our policy to-day, and we have taken this occasion to re-affirm it.

And we, to-day although we have not the fame of our lustrous leader declare to-day that this is our policy and that it will prevail.

Now, Sir Wilfrid Laurier had to fight many elections in the course of his public life, and he had to fight many after 1896. If you take the trouble, as I did, to go to the library and read the electioneering pamphlets issued by the Conservative party in all the elections which followed 1896, you will see what hon. gentlemen opposite thought of the tariff policy of Sir Wilfrid Laurier. I will not read the extracts I have here on account of the lateness of the hour, but I promise to the electors of my province and of the rest of Canada that they will be published. Will you permit me to read simply a little song which was published in the Conservative campaign pamphlet of 1911; it is very interesting:

> Cheer boys cheer for R. L. Borden,
> He's our leader staunch and true,
> For he's bound to win the day
> Over Sir Wilfrid Laurier
> And the members of the annexation crew.

I will not recall what was done when the British preference, what was done when reciprocity was proposed by the Canadian government led by Sir Wilfrid Laurier and by the present Minister of Finance. May I refer though to a little incident. In 1902 my right hon. leader of that time was absent attending a conference, I think it was the Imperial conference in London, and a member of his cabinet—a very able man in every way but who had on tariff matters the same views as the present right hon. leader of the opposition —during Sir Wilfrid Laurier's absence had

preached the principles of high protection in the province of Quebec, and I think in the rest of the country. The first thing that was done by Sir Wilfrid Laurier on his return was to ask for the resignation of that member of his cabinet. Yet hon. gentlemen opposite claim that Sir Wilfrid Laurier was asserting their views in tariff matters. Let me tell them in all earnestness: Hands off the sacred name of Laurier. Leave his untarnished and glorious memory alone.

There are a couple of things I should like to refer to. The hour is late but it will be my only opportunity to do it. My hon. friend from Lincoln (Mr. Chaplin), I am afraid he is not here to-night—

Mr. SUTHERLAND: Before my hon. friend leaves that subject would he mind placing on record the statement made by the minister, who he says was read out of his party, regarding an understanding the Liberal party had with the manufacturers prior to the election of 1896. Make the story complete while you are at it.

Mr. LAPOINTE: I do not know anything about it. My hon. friend seems to have a fountain of knowledge regarding matters that I am not familiar with at all. This is the first I ever heard of such a thing and I cannot give him the information asked for. My hon. friend from Lincoln (Mr. Chaplin) has a fondness for attacking the French treaty. He did it last year and the House will remember that he spoke about bronze powder at the time. He came back this year and gave statistics which I am afraid I must describe as most unfair. My hon. friend gave a list of the amount of duties which had been collected under the treaty since its operation. Then he gave the amounts which would have been collected if that treaty had not been agreed to, and he said that there was a considerable amount which had been lost by the country. Well, Mr. Speaker, I discovered a peculiar thing. Instead of comparing the duties which are collected under the present treaty with those collected under the treaty when my hon. friends were in power, he made the comparison with the general tariff which is most unfair, so unfair that my hon. friend referring to silk fabrics from France said the amount collected was $279,093 where as he said, the amount that would have been collected should be $330,004. Well, Mr. Speaker, the amount that would have been collected for imports when the former government were in power, under the old modus vivendi, would have been $259,-289.52. That is to say that we have collected under the present treaty on silk fabrics $24,-000 more than would have been collected under the old treaty. If you applied the same process to silk fabrics from Switzerland, we collected $533,655.88, and my hon. friend gave the large amount that would be collected without a treaty, and that amount would be $624,334.90. Well, sir, the amount which would have been collected under the treaty in force when the late government was in power, and which was replaced by the present treaty, is $490,548.85. We have collected over $50,000 more under the present treaty. The same thing would apply to velveteens, plush fabrics from France, fabrics from Switzerland and many other countries. On champagne the hon. member said we lost a revenue of $32,-222.20, when as a matter of fact there is a loss of revenue of only $7,476.74, being a difference of $24,745.46 between the figures wrongly given by my hon. friend.

Sir HENRY DRAYTON: Perhaps the hon. minister will be kind enough to quote the rate in the absence of the hon. member for Lincoln. It is the only way these things can be checked.

Mr. LAPOINTE: I am giving the calculations furnished by the officers of the department.

Sir HENRY DRAYTON: I would ask what the rate is. I may tell the hon. minister that the same information was given to the hon. member for Lincoln, and I may also tell him that, discussing this very treaty, he gave the House percentages in connection with velveteens, the figures of which I have never been able to get. It is idle to say it can be checked without the rate. If my hon. friend does not want to give the information, he will not give the rate.

Mr. LAPOINTE: I am more than pleased—and my hon. friend will realize it in a moment—that my hon. friend has referred to this little difference that we had about silks and velveteens last year.

Sir HENRY DRAYTON: Will you give us the rate?

Mr. LAPOINTE: I am giving the figures as they are given to me by the department.

Sir HENRY DRAYTON: That is not what I am asking, Mr. Speaker. My hon. friend can refuse if he wishes.

Mr. LAPOINTE: I will give them to-morrow. I did not know my hon. friend would be so thirsty for information about the rates on champagne. I will give him some information to-morrow that will interest

him very much. Last year my hon. friend, in the discussion on the treaty on the very question which is now mentioned, said that there would be a terrible decrease in the duty on silk because it was reduced by 20 per cent by schedule D. I then told him that he was mistaken, that only a proportion of about 10 per cent would come under schedule D, and that the rest would come under schedule E and the intermediate tariff, and I said that the hon. gentleman was 10 per cent right and 90 per cent wrong, and he has never forgiven me for that statement.

Sir HENRY DRAYTON: I asked for the information and he did not give it.

Mr. LAPOINTE: I have it to-night—

Sir HENRY DRAYTON: I am very glad.

Mr. LAPOINTE: —as the silk has come since the treaty was in operation. I will tell my hon. friend that the proportion that has come under schedule D, is only 3.2 per cent. Instead of being 90 per cent wrong, my hon. friend was not quite 97 per cent wrong.

Sir HENRY DRAYTON: Perhaps the hon. minister will give us the real figure.

Mr. LAPOINTE: I will with the greatest of pleasure, but it is rather an extensive document and the hour is late.

Sir HENRY DRAYTON: It is quite satisfactory to me if the document is handed into Hansard.

Mr. LAPOINTE: I will put it on Hansard with pleasure:

STATEMENT of total imports and imports from France and Switzerland of velvets and silk fabrics as specified entered under treaty rates from September 1st, 1923, to March 31st, 1924

Item and Country	Intermediate rate, 32½%		Schedule E, 32½–10%		Schedule D 20%	
	Value	Duty	Value	Duty	Value	Duty
	$	$ c.	$	$ c.	$	$ c.
Velveteens and plush fabrics:						
France	37,008	12,027 60	49,431	14,458 59	22,155	4,431 00
Switzerland	.....	.....	159	46 52	1,636	327 20
Total countries	44,909	14,595 44	60,700	17,462 33	25,166	5,033 20
Silk fabrics:						
France	167,458	54,422 85	1,111,927	325,238 64	37,577	7,515 40
Switzerland	392,418	127,535 90	2,281,890	667,453 29	33,164	6,632 80
Total countries	843,387	274,100 95	4,648,936	1,358,568 86	101,520	20,090 60
Velvets of pure silk:						
France	2,940	955 50	3,669	1,073 20	.....	.....
Switzerland	.....	.....	.....	.....	.....	.....
Total countries	5,504	1,723 63	4,250	1,243 16	77	15 40
Velvets other than pure silk, and plush fabrics:						
France	113,777	36,977 54	169,453	49,565 18	37,200	7,440 00
Switzerland	4,041	1,313 32	6,702	1,960 45	.....	.....
Total countries	154,433	50,190 80	190,479	55,686 06	38,933	7,786 60

There is another subject on which my statements have been challenged, and to which I wish to refer. The right hon. leader of the opposition toured the country last summer and fall, and said in all his speeches, referring to a statement of mine, that the debt of Canada per capita was less than the debt of all the other dominions and even Great Britain; and he said it was true, but he stated that Mr. Lapointe did not state the reason why our taxation was higher than that of these countries. I have taken the first opportunity to deny that our taxation was higher than that of Great Britain and the other dominions, and that statement has been challenged not only by my right hon. friend the leader of the opposition (Mr. Meighen), but by the press which is devoted to him in the country. I remember that the Ottawa Journal used rather strong language regarding me in that respect. They thought that I was deliberately misrepresenting the facts, or displaying gross ignorance. I have taken the trouble to inquire about it, and I state to-night that our taxation per capita is less than that of Great Britain and the other British dominions, and that taxation per head in the United Kingdom is $101.59, being $79.37 for central government and $22.22 for local government.

Mr. LADNER: Does that include the provincial government?

Mr. LAPOINTE: There is no provincial government in the United Kingdom. I am quoting England at present. In the Commonwealth of Australia the taxation per head is $67.06, the revenue of the Commonwealth being $43.09 per head, and the state revenue being $15.78 per head, the municipal revenue $8.19 per head. New Zealand has a taxation of $76.75 per capita, the Dominion revenue from taxation being $60.33, and the local governing body $16.02. In reference to our local taxation in Canada, unfortunately we cannot have exact figures as to rural municipal taxation as correctly as they have in the other countries. The tax of the Dominion per capita is $36.67; of the provinces, $6,85; of the urban municipalities, $12.65. or a total of $56.17. The Bureau of Statistics adds this note:

The rural municipalities are unquestionably much more lightly taxed than the urban. However, their expenditures for education are fairly heavy. Doubtless in the aggregate they raise as much in taxation as do the provincial governments. All that can be said is that the total taxation of Canada is between $60 and $65 per head of population—probably $63 would be a fairly good estimate.

So our taxation per capita is lower than that of the British Empire, not only the United Kingdom, but the other dominions as well.

But there is more. The hon. member for Burrard (Mr. Clark) asked me what was the taxation in the United States, and I did not know at the time. He told me that I should make the comparison with the United States. I have in my hand the Bankers Magazine of April, 1924, and this is what I find as regards the details of taxation in the United States. The article which is entitled "Your Government" by Carlton P. Fuller:

The final summing up shows annual taxes of $68 per person, $29 going to the federal government, and $39 to the state and local governments. Putting it another way, $7,000,000,000 out of a total national income of $63,000,000,000 go for taxes.

Sir HENRY DRAYTON: What are the municipal taxes?

Mr. LAPOINTE: All is included in that. So that in Canada our taxation as estimated at $63 per capita is even lighter than the taxation in the United States. I hope the leader of the opposition (Mr. Meighen) will go into all those places where he spoke last summer and make the real statement about the taxation of Canada. If you, Mr. Speaker, were to take a leaf out of his book and distribute medals at the end of the session to those of us who are specially virtuous, he would not qualify as regards accuracy in making public statements. As to the Ottawa Journal, of course I am a humble public man and I cannot have the license of the press in expressing myself. All I can say is that they have shown a peculiar lack of accurate information in this respect. No, Canada is not what the "whispers of death" and the "scaremongers" are describing it to be. I have before me the latest figures of trade which have been given to me by the Department of Trade and Commerce. We have total exports amounting to $1,058,553,297, being a considerable balance of trade in our favour.

Employment in this country is not what it has been described to be by my hon. friend opposite. I am sorry the hon. member for West Hamilton (Mr. Stewart) is not in his seat. I would give him some information about conditions in Hamilton that he does not seem to know. In his speech he read a statement showing the reductions that have taken place in the staffs of a number of Hamilton industries in the period from 1920 to 1923. He said:

Not only does this statement illustrate the unfortunate results that have already occurred, but it serves to show other changes along this line which may be expected in future if reductions of the tariff are continued.

He placed on Hansard a list of some twenty-seven plants, branches of American industries located and manufacturing in Hamilton, and he gave a tabulated statement showing the number of employees in the various plants in the year 1919 and the number of employees in the same plants in the year 1923. I do not think this was absolutely fair, because in 1919 all the manufacturers were operating to a reasonable extent, manufacturing articles for the rest of the world. Our government was then lending money to European countries, and that money was going to them in the shape of articles manufactured by Canadian manufacturers. But my hon. friend should give the figures as they are now. Steps were taken, I think in the Labour Department, to secure a check on the number of employees in those plants to-day, and the figures secured within the last week indicate the condition of employment in that city. The hon. member stated that the Hamilton branch of the American-Canadian Company, New York, had 175 employees in 1923. It is found that in May, 1924, the company employs 188. He stated that the Hamilton branch of the Canadian Horseshoe Company in 1923 had 80 employees. It is found that at present the company employs 102. He stated that the Hamilton branch of the Chipman-Holton Knitting Company employed 400 employees last year. It is found that at present this company employs 450. He stated that the

Hamilton branch of the Frost Steel and Wire Company, Cleveland, in 1923 had 100 employees, and it is found that at present this company employs 200. He stated that the Hamilton branch of the Firestone Tire and Rubber Company in 1923 had 250 employees. It is found at present that the company employs 296. He stated that the Hamilton branch of the Imperial Cotton Company in 1923 had 200 employees, and it is found at present that it employs 290. He stated that the Hamilton branch of the Standard Underground Cable Company had 100 employees last year. It is found at present that it employs 180.

The hon. member for North Toronto (Mr. Church), speaking of the International Harvester Company, said:

> It will now close up its factory in Hamilton, manufacture in Chicago and just ship its agricultural implements over into Canada. The money invested in the Hamilton plant can be considered wasted and the plant can now be scrapped.

The hon. member for West Hamilton stated that the branches of the International Harvester Company of Chicago and the International Plow Works of Chicago employed 450 men in 1923. He will no doubt be very much interested and elated to know that the investigation of the past week shows that instead of the 450 employees who were employed last year, there are at present 1160 employees in the plant of the company at Hamilton, or an increase of 710 employees over last year.

As regards our trade with Great Britain, owing to a propaganda that is carried on in my province at the present time, I find it necessary to put these figures on Hansard. Our imports from the United Kingdom for the year ended March 31 last were $153,581,716. while our imports were $360,094,021, being a balance of trade in our favour of more than double. Some people are talking of British goods that are dumped into this country. The figures show that we are selling to Britain more than twice what we are buying from her. Some people have a queer idea of what the British preference is; they think it is something that has been instituted in the interests of Great Britain. I tell you, Mr. Speaker, that it was instituted in the interests of Canada for the purpose of developing trade with Britain. That trade has been developed and we are gainers by it, because we are selling to Britain more than twice what we are buying from her. So that it is preposterous to say that because we have no particular preference in Britain we should not shape our own policy in the way we have shaped it. Our goods are admitted free in the markets of Britain and her goods pay a duty coming into Canada.

Britain has no tariff against us whereas the United States maintain a high tariff to the exclusion of our exports. I contend therefore that it is right that a preference should be given to that country into which our goods can be shipped without paying a duty, in order that we may build up a trade with her. The argument in regard to depreciated currency countries is not in my opinion a good one. I have never been able to appreciate the contention that a country whose currency is depreciated benefits by reason of the fact, as though it could enrich a nation to become bankrupt. We have been buying from these depreciated currency countries. We are told that our market is flooded with goods coming from Germany, Belgium and other countries whose currencies are depreciated. What are the figures? What is the result of our exchange trade with those countries? Belgium bought from us last year $17,452,442 worth of goods and sold to us $5,340,875 worth; a balance of trade in our favour of three times more in exports than imports. From France we imported goods to the value of $15,770,145 and exported to that country $18,879,097. That left a balance of trade in our favour of $3,000,000. I come now to Germany, and the argument in regard to that country is one we hear everywhere: we are told that German goods flood our markets. Well, we sold to Germany last year $16,153,673 worth of goods and imported $5,379,737. Italy imported from us $18,501,578, and we purchased from Italy only $1,849,844. So that there was a balance of trade in our favour in exports eighteen times greater than our imports. I say, Sir, that we are not losing by not blocking the avenues of trade with those countries. We are selling to them a good deal more than we are buying from them, and they have to pay high prices by reason of their depreciated currency. In other words, it is they and not we who are suffering; and I implore Canadian business men not to try to block the avenues of trade with any country. In this regard I want to quote the words of Sir Wilfrid Laurier in a speech delivered by him at the Windsor Hotel, Montreal, on May 29, 1912:

> Oh! ye of little faith! Oh! ye Canadian business men, who refused to open wide the avenues of trade, I have more faith in you than you have in yourselves. Will you tell me that Canadians are not the equals of Americans? Will you tell me that in a fair field we cannot compete with them and hold our own against them? Until you tell me that Canadians are not the equals of Americans, I refuse to believe that we made a mistake last year.

I hasten to conclude these rather lengthy remarks. Canada is a young country and a young country cannot be immobilized: its very life consists in motion and progress. The

function of Liberalism is to recognize this state of mind, to bind it with prudence and safety in making reform and avoiding danger. Our most powerful agent of reconstruction and recovery is peace among Canadians, and you cannot have peace economically or otherwise unless you extend social justice to all. Canada is a smiling country. Let it be a nation of nine million smiles, and I am willing to include my right hon. friend the leader of the opposition in that glorious demonstration of national cheerfulness.

Mr. T. W. CALDWELL (Victoria and Carleton): If I felt that an apology was necessary on my part for contributing to the debate at this late hour it would be the fact that I have occupied, not only during this session but in the last session as well, as little time as any hon. member has done. I have been particularly impressed with the speeches that have been delivered in this debate, although the whole discussion has been somewhat like one of the serial stories that one reads in the magazines; it is difficult to keep in mind just what transpired in the first chapter. However, I do not wish to review the whole story, but I shall content myself with dealing with a few things that have been said in the debate. I do not propose spending very much time in any discussion of the budget, which has been very well considered by hon. gentlemen in this group, the attitude of the Progressive party having been clearly defined not only by its leader (Mr. Forke) but also by the hon. member for Marquette (Mr. Crerar) and other hon. gentlemen on this side who have spoken. I was very much impressed with some of the sentences that fell from the lips of the Prime Minister this afternoon as well as from the hon. member for Marquette, both having largely stated the same views in certain respects. I refer particularly to the plea for unity in this country, if we expect to attain to that full stature of nationhood which is ours by right, by the gifts of Nature, and by Providence. I heartily agree with the Prime Minister's statement that the aim of the government should be to unify or harmonize the different elements in this country. With that feeling I desire to associate myself, although there are some very prominent men in Canada who seem to devote their whole energy to making this ideal an impossibility by trying to set one interest and one section of the country against the other. In this respect I wish to quote from a speech made in the House last year, which by the way I had not the pleasure of hearing. As a matter of fact, I was unaware of it having been made until after prorogation when I discovered that it had been printed in pamphlet form and distributed where the hon. member who delivered it evidently thought it would do the most good, or, from my point of view, the most harm. Now I quote from a speech made in this House on February 8 last year by the hon. member for St. John (Mr. Baxter). I will not quote the whole speech because a great deal of it is not worth repeating.

An hon. MEMBER: Which member for St. John?

Mr. CALDWELL: The member who spoke to-night. I could define him so you would know beyond question if I thought it necessary. That part of his speech which I am now about to quote relates to the restoration of the Crowsnest pass agreement and its effect on the eastern farmer. This quotation will be found on page 137 of last year's Hansard:

> In the parliamentary agreement of last year potatoes were not mentioned. Now, can you tell me anything that distinguishes the man who grows grain from the man who grows potatoes? Is there any reason why a burden should be even partially lifted from the one and yet allowed to remain upon the other? I know my hon. friends will not say there is any reason. Well, then, what happened? The government's action paralyzed the Board of Railway Commissioners, and the potato growers of New Brunswick could not seek relief in that quarter. Railway rates were so much reduced that the railway companies, which have to pay their bills like every other company, had to get money from some source and the only source of course, of their revenue is the passengers and freight they handle. Therefore the Railway Commission could afford no relief by lowering the freight rates on potatoes or lumber, except upon one commodity only coming under the classification of building materials, namely, bricks, and in this instance the reduction was very small.

It is just possible that the hon. member was ignorant of the actual conditions when he made that statement; I hope so. Two months after the Crowsnest pass agreement was restored by legislation, and about five months before the hon. member made this speech, the potato growers of New Brunswick—whom he refers to almost with tears in his eyes—got a greater reduction in freight rates than the farmers of the West secured on their grain. We obtained a reduction of over 25 per cent on our export rate, and all the potatoes we moved that year were for export. I shall refer to the Crowsnest pass agreement a little later because even to-night the hon. member stated:

> The government makes the Crowsnest pass sacrifice for the benefit of the West.

It has been said that that agreement was only of benefit to the western grain grower. I therefore propose to show the benefit this agreement was to the eastern manufacturer

and fruit grower in comparison with its benefit to the wheat grower. As we all know, the reduction of the rate on wheat was 3 cents per hundred pounds regardless of the length of haul, and in a great many cases the haul was long. We got a reduction of 6 cents per hundred pounds on a short haul on a rate that was only 23½ cents a hundred pounds originally. This made our reduction over 25 per cent of the original rate. To show the absurdity of the statement made by the hon. member—and I hope he was ignorant of the facts when he made it, because I would hate to think that any hon. member would make such a statement otherwise—to show the absurdity of the statement I have worked out the reductions per acre. I have taken twenty bushels of wheat per acre as the average yield, but I think it is above the average. That would be equivalent to twelve hundred pounds, or a reduction of 36 cents per acre to the western grain grower. Taking the average yield of potatoes at 100 barrels to the acre—which would be small, the yield last year running in some cases as high as 150 barrels to the acre,—this would mean 16,500 pounds, or a reduction of $9.90 per acre. In other words, a gain to the potato farmer of $9.90 per acre, as against a gain to the wheat grower of 36 cents per acre.

You will remember, Mr. Speaker, that two years ago I moved a resolution in this House asking the government to establish frost-proof facilities at St. John in order that we might get our potatoes to market during the winter season at a rate that would return the farmer something for his product. I had some difficulty in convincing the government of the necessity for establishing these facilities. I made several trips to Ottawa as well as to St. John, and at last almost despairing of being able to convince the government single-handed, I asked the Secretary of the Board of Trade of the city of St. John to call a meeting of his board, which he kindly did. It was well attended, but the hon. member for St. John, although he professes to have the interests of the potato-growers of New Brunswick so much at heart, did not put in an appearance. The members of the Board of Trade realizing that these facilities at St. John would very much increase the traffic through the port—a traffic which was at that time going through the port of Boston owing to our lack of facilities—got behind the project. As I say, the hon. member for St. John did not attend, although this meeting was for the purpose of urging the government to furnish facilities in his own port and to bring traffic to it, a subject upon which he is so insistent, and in which I heartily concur with him. I have estimated that the benefit to the potato-growers of New Brunswick would amount to 75 cent per barrel. As confirmation of this estimate, I shall quote an extract from a letter from one of our shippers who was very anxious to have these facilities established, giving his view of what it would mean to the potato-growers of New Brunswick. By the way, this saving of 75 cents a barrel would mean a saving of $75 an acre, because we would get the short rail haul to St. John. When we shipped through Boston we not only had the long rail haul, but we had to pay the freight in American funds from point of shipment clear to Cuba, which in 1921 meant a discount of 15 per cent on our money. The discount is less now. This shipper has been shipping to Cuba for twelve or fourteen years, from Boston in cold weather and from St. John when there was no danger of frost. In writing me to urge upon the government to establish those frost-proof facilities he said:

> Now, all we need is the government to do what they should do for this province, furnish us frost-proof facilities at the port of St. John and a line of tween deck steamers out of St. John. They will not only be helping out the revenue of the Canadian Merchant Marine, but such a boom to the farmers and shippers.

This is the interesting part:

> If we had a rate of $1 per barrel from St. John to Havana we could be paying the farmer in New Brunswick to-day $2 for potatoes instead of 75 cents. Not only this but we would have a market which is a regular market for our products.

He estimated that the saving at that time would be $1.25 per barrel. As I pointed out the discount on our money then was greater than it is to-day. However, I think, Mr. Speaker, you will admit that I am making a very conservative estimate in placing the saving to the shipper at 75 cents per barrel by the establishment of frost-proof facilities at St. John. Therefore I say that any hon. member who will stand up in this House and make a statement of that kind, if he knew the facts, is certainly not trying to promote national harmony.

With regard to the restoration of the Crowsnest pass agreement, the statement has been made repeatedly that it is a benefit only to the western grain-growers. I shall quote from the agreement itself and then give some figures as to the freight saving to other people besides the western grain grower. This is the agreement:

3 a.m.

The Crowsnest pass agreement was an undertaking entered into in 1897 between the government of Canada and the Canadian Pacific Railway, whereby in consideration of a subsidy to be earned by the construction of the Crowsnest pass railway, which subsidy amounted to $3,404,720, a reduction should be made in the rates upon the classes of merchandise.

The Crowsnest pass agreement was an undertaking entered into in 1887 between the government of Canada and the Canadian Pacific Railway Company, whereby in consideration of a subsidy to be earned by the construction of the Crowsnest pass railway, which subsidy amounted to $3,404,720, a reduction should be made in the rates upon the classes of merchandise below stated westbound from, and including Fort William and all points east of Fort William on the companies railway—

I want the House to pay particular attention to this.

—to all points west of Fort William on the company's main line or on any line of railway throughout Canada, owned or leased by, or operated on account of the company. The commodities, the classes of merchandise to be affected, are as follows:—

Upon all green and fresh fruits, 33⅓ per cent;

Coal oil, 20 per cent;

Cordage and binder twine, 10 per cent;

Agricultural implements of all kinds, set up in parts, 10 per cent;

Iron, including bar, band, Canada plates, galvanized, sheets, pipe, pipe-fittings, nails, spikes and horse shoes, 10 per cent;

All kinds of wire, 10 per cent;

Window glass, 10 per cent;

Paper for building and roofing purposes, 10 per cent;

Roofing felt, box and packing, 10 per cent;

Paints of all kinds and oils, 10 per cent;

Live stock, 10 per cent;

Woodenware, 10 per cent;

Household furniture, 10 per cent;

The agreement also provided for a rduction in the rates on grain and flour from all points on the main line, branches or connections of the Canadian Pacific Railway west of Fort William and Port Arthur. The decrease was fixed at 3 cents per hundred pounds to be reached in two annual reductions of a cent and a half each.

Another contention has been made that the Crowsnest pass agreement provided for a rate on grain away below the cost of hauling. I think I can prove conclusively that that is not the case, and I wish to quote briefly from the report of the Transportation committee of this House of 1922:

The Crowsnest rate on grain and grain products remained in entirety from September 1, 1899, until October 7, 1903, when it was modified by a lower rate resulting from an agreement made between the province of Manitoba and the Canadian Northern Railway. Lower rates continued until March 15, 1918, when an increase of 15 per cent on rates generally was made by order of the Board of Railway Commissioners. This increase was granted because of representations by the railways that they could not successfully maintain their services unless granted rates that would enable them to meet the increased operating costs due to substantial increases in cost of fuel, coal materials, supplies, equipment of all kinds and wages.

Now comes the interesting part of it.

This increase was subject to the Crowsnest pass agreement, but it brought western grain rates up to Crowsnest maximum rates from most points in Saskatchewan and Alberta, though not in Manitoba.

That proves that for fifteen years the Canadian Pacific Railway hauled grain at least fifteen per cent and in some cases more than fifteen per cent below the rates provided in the Crowsnest pass agreement. I think this effectively explodes the theory that the Crowsnest rate was below what the railways could afford to haul it for, because there was nothing to compel the Canadian Pacific Railway to haul this grain at a lower rate than the Crowsnest rate. Yet we have the evidence here in the report of the committee that dealt with this matter two years ago that for fifteen years, from 1903 to 1918, the Canadian Pacific hauled this grain at rates at least fifteen per cent lower than the rate set by the Crowsnest pass agreement.

Now I wish to show exactly what these reductions mean to the eastern manufacturer and apple grower because to my mind that was a wise agreement. It was entered into to enable the eastern manufacturer to get into the western market with his farm machinery, binder twine, wire fencing, horse shoes, spikes, nails and other commodities; and by the way, our friends to my right, the official opposition, while they are the champions of these interests, did not seem very favourable to the restoration of the Crowsnest pass agreement. They were even willing to sacrifice their manufacturing friends if they could deal a knockout to the western grain growers. That seemed to me to be the attitude when this matter was discussed in the House two years ago.

On page 21 of this report you will find a statement by the Board of Railway Commissioners, called statement No. 2, showing rates on agricultural implements, in carloads, from points in eastern Canada to various stations in western Canada. From the Toronto group, prior to the Crowsnest pass agreement, there was a rate of 76 cents per 100 pounds. Under the Crowsnest pass agreement it was reduced to 68½ cents per 100 pounds, or a reduction of 7½ cents per 100 pounds while the reduction on wheat was only 3 cents per hundred pounds.

From the Montreal group, prior to the Crowsnest pass agreement, the rate was 82 cents. That was reduced under the Crowsnest pass agreement to 74 cents, or 8 cents under the rate prior to that. On September 1, 1919, the rate in the Montreal group was further reduced to 62 cents per 100 pounds, although the railway was not compelled to give that rate under the Crowsnest pass agreement. That meant a reduction of 20 cents per 100 pounds. There is quite a long table here

which I would ask permission of the House to place on Hansard. Take Montreal and Toronto to Winnipeg, the shortest haul possible for agricultural implements to get the benefit of the Crowsnest rate. Very little of the implements would stay at Fort William. I want to quote the rate to Edmonton from the Ontario group. The rate was 164½ cents per 100 pounds, as compared with 148 cents, or a reduction of 16½ cents per 100 pounds, as compared with 3 cents per 100 pounds on wheat. From the Montreal group to Edmonton prior to the Crowsnest pass agreement the rate was 170 cents. After the Crowsnest pass agreement that was reduced on January 1, 1898, to 153½, or a reduction of 17 per hundred, another reduction which the railways are not compelled to make under the agreement. That shows that the railways were able to haul freight at a lower rate than the Crowsnest pass agreement provided for, which, by the way, was only a maximum rate; there was nothing to prevent the railways from hauling at lower rates.

I would like to refer to the freight rate on potatoes for a moment. You will notice, Mr. Speaker, that the hon. member in his speech said that the action of the government in restoring the Crowsnest pass agreement was to paralyze the railway commission, and therefore the potato growers were not able to get any relief. We did not, as a matter of fact, even have to apply to the commission. Two of the shippers from New Brunswick and myself went to Montreal and interviewed the Traffic Department of the Canadian Pacific and the Canadian National Railways and got this reduction without applying to the railway commission and we got it in one afternoon, so if the railway commission was paralyzed, the railways were not.

I wish to quote from page 23 of this report. I have here statement number 4 furnished also by the Board of Railway Commissioners to the committee who investigated the subject. It is thus described:

> Statement showing rates on binder twine and cordage, iron, bar, band, Canada plate, galvanized sheet, pipe, pipe fittings, nails, spikes, horse shoes, wire, common window glass, building and roofing paper, roofing felt, paints and wooden ware, in carloads, from points in eastern Canada to various stations in western Canada.

From the Toronto group to Winnipeg prior to the Crowsnest pass agreement a railway rate of 82 cents. Under the Crowsnest pass agreement the rate was reduced to 74 cents a reduction of 8 cents per hundred pounds. From the Montreal group to Winnipeg, prior to the Crowsnest pass agreement, the rate was 88 cents. The rate was reduced under the Crowsnest pass agreement of 1898 to 79½ cents, a reduction of 8½ cents per hundred pounds.

My hon. friends to my right would endeavour to make it appear that these reductions only benefited the western grain grower. I find that reductions for manufactures going west is in no case less than double the amount per hundred pounds, and in some cases is six times the amount of the reduction on wheat coming east.

Now the rate to Edmonton. From the Toronto group prior to this agreement the rate was $1.85 per hundred pounds. It was reduced under the Crowsnest pass agreement to $1.66½, a reduction of 18½ cents per hundred pounds. From the Montreal group prior to the Crowsnest pass agreement the rate was $1.91. The rate was reduced under the Crowsnest pass agreement to $1.72, and was further reduced in September, 1914, to $1.26. We find that in December, 1921, the rate had advanced to $2 per hundred pounds. Still our friends to my right were unwilling to give their manufacturing friends the advantage of this by putting it in operation two years ago. Possibly some gentleman will say that two years ago the eastern manufacturers were not given that advantage, and I want to show the sacrifice our friend from St. John was willing to make of the manufacturers of the east in this regard. When this agreement was under discussion in the House on June, 26, 1922, the hon. gentleman (Mr. Baxter) moved the following amendment. And he prefaced it by these remarks:

> I therefore move an amendment to the motion: That in the opinion of this House, regardless of all other considerations, the Crowsnest pass agreement should be immediately abrogated.

Well, that was a verbal amendment and he was asked by the speaker to commit it to writing which he did and formally moved it. He had the doubtful distinction on that occasion of moving a very important amendment in this House which only received one other vote beside his own. I think I am safe in making that statement. The other member who voted for his amendment got up next day when the orders of the day were called and explained that he had misunderstood the motion or he would never have voted for it.

Now I wish also to give a statement showing the rates on coal oil in barrels by carloads from points in eastern Canada to various stations in western Canada to show the saving there was in that instance also. From the Toronto group prior to the Crowsnest pass agreement the rate was 82 cents per hundred pounds. Under the Crowsnest pass agreement

the rate was 65½ cents per hundred pounds, a reduction of 16½ cents per hundred pound. From the Montreal group the rate prior to the Crowsnest pass agreement was 88 cents per hundred pounds. Under the Crowsnest pass agreement in 1898 it was reduced to 70½ cents per hundred pounds a reduction of 17½ cents per hundred pounds. In 1914 the rate was further reduced to 64 cents per hundred pounds, a net reduction of 24 cents from the rate prior to this agreement going into effect. The rate to Edmonton from the Toronto group prior to the Crowsnest pass agreement was $1.85 cents but it was reduced under the Crowsnest pass agreement to $1.48. The rate from the Montreal group prior to the Crowsnest pass agreement was $1.91 per hundred pounds. It was reduced under the Crowsnest pass agreement to $1.53 per hundred pounds. In 1914 there was a further reduction to $1.24 per hundred pounds although the agreement did not compel the railways to give it.

Now, I think possibly, I am coming to the more interesting reductions yet, and I think this may interest hon. members for Nova Scotia as well as hon. members from New Brunswick. They will be somewhat surprised if they have believed statements made by hon. members in the recent by-elections in New Brunswick and Nova Scotia that this rate was only a benefit to the western grain growers. At page 25 of this report, and this was also furnished by the Board of Railway Commissioners to the committee you will find the following:

Statement showing the rates on green apples from eastern Canada to the various stations in western Canada.

This shows that it includes the farmers of the east and manufacturers as well as the farmers of the west.

Mr. STEVENS: What portion of the full schedule is now in force? The whole schedule is not in force, I presume my hon. friend knows that?

Mr. CALDWELL: I think possibly the hon. member was asleep when I dealt with that. I do not blame him for being asleep at this late hour of the morning. I dealt with that point and said that only the portion relating to grain was in force. The other will come in force on the 6th July.

Mr. STEVENS: The hon. member is mistaken, I was listening attentively and he did not make that clear. The inference throughout the whole of his remarks was that this whole agreement is in force.

Mr. CALDWELL: I am very sorry if I conveyed that impression. I thought I distinctly stated some minutes ago that only a portion of the schedule was in force. I was disappointed that some hon. members to my right did not ask me the question. I stated that possibly some gentleman to my right would make the statement that only a part of the schedule came into effect two years ago, that part affecting the grain growers. I admitted that was the fact but I think I made that clear and I also quoted the amendment of the hon. member (Mr. Baxter) seeking to abrogate the agreement in its entirety, notwithstanding that the eastern manufacturer for whom he has such great care and I presume he has care of the fruit growers as well, would be put to very great disadvantage if the agreement was abrogated. The statement issued deals with green apples in carloads from eastern Canada to various stations in western Canada. From Toronto group points prior to this agreement going into effect the rate was 82 cents per hundred pounds. It was reduced under the Crowsnest pass agreement rate to 55 cents per hundred pounds, a reduction of 27 cents per hundred pounds, while there was a reduction of only 3 cents per hundred pounds on wheat. This was further reduced in September, 1914, to 53 cents per hundred pounds. Now, from the Montreal group to Winnipeg, prior to the Crowsnest pass agreement, the rate was 88 cents per hundred pounds. It was reduced under the Crowsnest pass agreement to 59 cents, and in 1914 further reduced to 57 cents. I should like to be permitted to put these tables on the records because they give the rates from the Montreal and Toronto groups to various points in the West. I will not take the time to read them and I do not think it is necessary. These tables are quite brief but they are very comprehensive. I will, however, give one other rate, as I did before to the further points showing the greater reduction per hundred pounds. From the Toronto group to Edmonton the rate prior to the Crowsnest pass agreement was $1.85 per hundred pounds. Under the Crowsnest pass agreement it was reduced to $1,23½ per hundred pounds, or a reduction of 61½ cents per hundred pounds.

STATEMENT Showing Rates on Agricultural Implements, in Carloads, from Points in Eastern Canada to various stations in Western Canada

—	Rates prior to Crow's Nest Agreement		Crow's Nest Rates Jan. 1, 1898		From all Stations Montreal and West						
	From Toronto group	From Montreal group	From Toronto group	From Montreal group	Sept. 1 1914	April 1 1918	Aug. 20 1918	Sept. 1 1919	Sept. 23 1920	Jan. 1 1921	Dec. 1 1921
Winnipeg	76	82	68½	74	62	68½	82½	67½	92½	89	82½
Portage la Prairie	82½	88½	74½	80	66	74½	87½	72½	99½	95½	88
Brandon	89	95	80	85½	72	80	95	80	109½	105½	97½
Regina	107½	113½	97	102½	86	97	112½	102½	140	138½	128
Swift Current	118	124	106½	112	95	106½	124	114	155½	154	142½
Saskatoon	129½	135½	116½	122	94	104½	122½	112½	153½	151	139½
Lethbridge	134½	140½	121	126½	109	121	141½	131½	179	175½	162½
Medicine Hat	128	134	115½	121	104	115½	135	125	170	167	154½
Red Deer	156½	162½	141	146½	117	134	151½	140	190½	183½	169½
Calgary	139½	145½	125½	131	115	125½	149	137½	187	180	166½
Edmonton	164½	170½	148	153½	115	125½	149	137½	187	180	166½
Column	1	2	3	4	5	6	7	8	9	10	11

Rates are in cents per 100 pounds.

STATEMENT showing Rates on Binder Twine and Cordage, Iron, Bar, Band, Canada Plate, Galvanized, Sheet, Pipe, Pipe Fittings Nails, Spikes, Horse Shoes, Wire, Common Window Glass, Building and Roofing Paper, Roofing Felt, Paints and Woodenware, in Carloads, from Points in Eastern Canada to Various Stations in Western Canada.

—	Rates prior to Crow's Nest Agreement		Crow's Nest Rates Jan. 1st, 1898		From all Stations Montreal and West					
	From Toronto Group	From Montreal Group	From Toronto Group	From Montreal Group	Sept. 1, 1914	April 1, 1918	Aug. 15, 1918	Sept. 17, 1920	Jan. 1, 1921	Dec. 1. 1921
Winnipeg	82	88	74	79½	69	74	93	127½	123½	114
Portage la Prairie	94	100	84½	90	74	84½	99½	136½	131½	122
Brandon	101	107	91	96½	81	91	108	148	143	132
Regina	124	130	111½	117	96	111½	127	173½	167½	155
Swift Current	134	140	120½	126	107	120½	140½	192	185	171
Saskatoon	151	157	136	141½	105	119	138	188½	182	168
Lethbridge	150	156	135	140½	121	135	158	215½	208	192
Medicine Hat	145	151	130½	136	115	130½	150½	205½	198	183
Red Deer	175	181	157½	163	128	148	167	227½	219½	203
Calgary	155	161	139½	145	126	139½	164½	224	216	200
Edmonton	185	191	166½	172	126	139½	164½	224	216	200
Column	1	2	3	4	5	6	7	8	9	10

Rates are in cents per 100 lbs.

STATEMENT showing Rates on Coal Oil, in Barrels, Carloads, from Points in Eastern Canada, to Various Stations in Western Canada

—	Rates prior to Crow's Nest Agreement		Crow's Nest Rates, Jan. 1st, 1898		From all Stations Montreal and West					
	From Toronto Group	From Montreal Group	From Toronto Group	From Montreal Group	Sept. 1, 1914	April 1, 1918	Aug. 20, 1918	Sept. 23, 1920	Jan. 1, 1921	Dec. 1, 1921
Winnipeg	82	88	65½	70½	64	65½	82	113	109	101
Portage la Prairie	94	100	75	80	74	75	94	129	124½	115
Brandon	101	107	81	86	80	81	101½	139	134½	124
Regina	124	130	99	104	96	99	124	169½	163½	151
Swift Current	134	140	107	112	107	107	134	183	176½	163
Saskatoon	151	157	121	126	105	105½	132	180½	174	161
Lethbridge	150	156	120	125	120	120	150	204½	197½	182½
Medicine Hat	145	151	116	121	115	116	145	198	191	176½
Red Deer	175	181	140	145	128	135	167	227½	219½	203
Calgary	155	161	124	129	124	124	155	211½	204	188½
Edmonton	185	191	148	153	124	124	155	211½	204	188½
Column	1	2	3	4	5	6	7	8	9	10

Rates are in cents per 100 lbs.

STATEMENT showing rates on green apples, in carloads, from Eastern Canada to various Stations in Western Canada

To	From Toronto Group								From Montreal Group							
	Prior to Crow's Nest Rates	Crow's Nest Rates, Jan. 1, 1898	Sept. 1, 1914	April 1, 1918	Aug. 20, 1918	Sept. 23, 1920	Jan. 1, 1921	Dec. 1, 1921	Prior to Crow's Nest Rates	Crow's Nest Rates, Jan. 1, 1898	Sept. 1, 1914	April 1, 1918	Aug. 20, 1918	Sept. 23, 1920	Jan. 1, 1921	Dec. 1, 1921
Winnipeg	82	55	53	55	69	95	92	85	88	59	57	59	74	102	98½	91
Portage la Prairie	94	63	63	63	79	108½	105	97	100	67	67	67	84	115½	111½	103
Brandon	101	67½	68	67½	84½	116	112	104	107	71½	72	71½	89½	123	118½	110
Regina	124	83	83	83	104	142½	137½	127	130	87	87	87	109	149	144	133
Swift Current	134	89½	90	89½	112	153½	148	137	140	93½	94	93½	117	160	154½	143
Saskatoon	151	101	89	88	110	150½	145½	134½	157	105	93	92	115	157½	152	140½
Lethbridge	150	100	100	100	125	171	165	152½	156	104	104	104	130	177½	171½	158½
Medicine Hat	145	97	96	97	121½	166	160½	148	151	101	101	101	126½	173	167	154
Red Deer	175	117	107	108½	135½	185	178½	165	181	121	107	113	141½	193	186½	171
Calgary	155	103½	104	103½	129½	177	170½	158	161	107½	108	107½	134½	183½	177	164
Edmonton	185	123½	104	103½	129½	177	170½	158	191	127½	108	107½	134½	183½	177	164
Columns	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Rates are in cents per 100 lbs.

Now, Mr. Speaker, I do not think I need to labour that point any further. I think I have proved to any reasonable man that this agreement is not all in favour of the western grain grower. We Maritime province men who voted for this agreement have been criticized very severely and I think very unfairly because this feature of it has never been put up to any audience in the east. I have never heard of it being presented to them in that way. It was simply presented as a sacrifice of the interests of the East for the benefit of the western grain grower. I do not think I need apologize for taking up the time of the House to put this on record to-night. It should have been done long ago. I certainly would have done so last year had I known that the hon. member (Mr. Baxter) made this speech then. As I say I never knew such a speech had been made and I was amazed when I saw it. It was circulated in pamphlet form in New Brunswick to try to make the potato growers believe that they had been sacrificed in order to give the western farmer something that he was not entitled to. I think, however, that I have proved beyond question that the statements and the inferences in this speech had no resemblance whatsoever to the truth, because we had a greater reduction in the actual freight on potatoes five months before this speech was made and two months after the Crowsnest agreement went into effect, to say nothing of the great advantage of the frost-proof warehouse that saved us untold money. According to my computation the actual reduction in freight to the farmers on account of the short haul to St. John, and this was made possible by the warehouse, is 75 cents per barrel compared with 3 cents per hundred pounds on wheat.

I could hardly credit the statement of the hon. gentleman from St. John (Mr. Baxter) in reference to this matter. I spoke of the rate on green apples from Montreal to Winnipeg being 59 cents per hundred pounds. There is a table here which also gives the rates from Okanagan Valley to Winnipeg at $1.13 per hundred pounds; although the distance from Montreal to Winnipeg is 236 miles more than from the Okanagan Valley to Winnipeg, the rate is 54 cents less from Montreal than it is from the Okanagan Valley to Winnipeg, which certainly gives the eastern fruit grower a very great advantage over the fruit growers in the western country.

Mr. STEVENS: Does the hon. member consider that a justifiable rate.

Mr. CALDWELL: No, I do not. I thoroughly agree with the gentlemen from British Columbia and Alberta who contend that the mountain rate should be adjusted especially on the government road through the Yellowhead pass where the grades are easy and long trains can be hauled. But when the Crowsnest pass agreement goes into effect on the 6th July next, if it does become effective—and I see no reason why it should not—our manufacturing friends from eastern Canada and the fruit growers will certainly be able to get into the western market. There is no question about that. I am sorry I have not the rates on apples from the Maritime provinces to Montreal. I have taken the rates on potatoes from the Maritime provinces to Montreal, and I think the rates are practically the same. The rate from the furthest point in New Brunswick from where potatoes were shipped to Montreal, in 1917, was 19 cents per hundred pounds, and in 1920 it was 38½ cents per hundred pounds, and the Crowsnest pass rate provides that from any point in eastern Canada the reduction shall be 33⅓ per cent from the regular rate, which would mean two-thirds of 19 cents in 1917, which would be 12⅔ cents added to the 59 cents from Montreal to Winnipeg, which would mean that you could ship apples to Winnipeg from any point in the Maritime provinces to Winnipeg for 71⅔ cents per hundred pounds, while the rate from the Okanagan valley to Winnipeg is $1.13. In view of those facts, I do not think that any man can contend that the Crowsnest pass agreement is a discrimination even against the eastern farmer who is growing fruit. We do not ship potatoes to the West because they grow their own potatoes, but they cannot grow apples. Here is an opening for the fruit grower.

I had another table giving the comparative rates from Montreal west and from Vancouver east. If I am allowed to place this on Hansard I will not take time to read it.

Some hon. MEMBERS: Hear, hear.

Mr. CALDWELL: I have one or two other matters I wish to refer to. We have heard very doleful wails indeed from our friends to my right with regard to the plight of the Canadian manufacturer and what this tariff will do to him. I am not contending that the tariff is the sole cause of the conditions that I am going to place on the records of this House just now. I hold in my hand a copy of the Royal Gazette of the date of April 30 and I find 22 farms advertised for sale under mortgage in New Brunswick. I wonder if people who are wailing about the manufacturers have any thought for the agriculturists of this country. I do not think if a man wished that he could attribute this to the present

budget—because a man does not get sold out under a mortgage in one year, possibly not in ten years. A man who loans money on mortgage wants to make an investment, and as long as the farmer is able to pay his interest he is not sold out. I have never known of a case where foreclosure was made if the farmer was able to pay the interest. But here are 22 farms advertised for sale in one issue of the Royal Gazette for April.

Mr. MOTHERWELL: What size farms?

Mr. CALDWELL: It is covering pretty well the province. These are not all the farms advertised for sale in the province. I have a copy of the Weekly Mail, Fredericton, New Brunswick, in which there were four farms advertised for sale under mortgage, in the one issue. If you pick up any weekly paper in that province you will find these advertisements. People will say that that is a pretty doleful picture, and I am glad the hon. Minister of Agriculture (Mr. Motherwell) is in his place, because I want to quote from the Monthly Bulletin of Agricultural Statistics, February 15, 1924, from the crop reports of the province summarized from the reports of the crop correspondents, January 31, 1924, as follows:

Maritime provinces.—Throughout the Maritime provinces, the open winter has been very beneficial for live stock. There is an abundance of feed everywhere and cattle are in good condition. The market has been dull, and farmers selling are realizing but low prices. A correspondent at Yarmouth, Nova Scotia, writes: "In many cases farmers deem it more economical to slaughter some of their stock rather than winter it with no prospect of market next spring". Prices for lambs and sheep are about the same as last year, whilst those of swine dropped badly during the summer. Poultry prices were particularly disappointing at Christmas time on account of the mild unseasonable weather during December. Buildings have increased in value the last few years, while farm land has decreased. Help is hired by the day, as farmers cannot afford to pay wages since the drop in value of farm products. Some farmers talk of leaving their land if conditions do not improve.

I am pleased to see some members from Nova Scotia in their seats. I attended with them a meeting in this House not long ago to listen to a discourse by a man who had been making a survey of vacant lands in the Maritime provinces, where there was a possibility of settling immigrants. I do not remember the number of farms he mentioned in any one given county, but I know it ran into large figures. He was asked how many of these farms had complete buildings, and I think he answered 60 per cent. I think one of the members from Nova Scotia asked the question, and received the answer that 60 per cent had complete buildings and a large number were vacant, and they were surveying with the idea of settling the newcomers on the farm, so that the statement that many farmers would leave the farms if conditions do not improve is mild indeed. I will not deal with all the provinces, but I will take the province of Quebec, because we have been told it is the most prosperous in the Dominion, and possibly the farmers in Quebec are in the best circumstances of all the farmers in the Dominion. The report from Quebec reads as follows:

Owing to the mild weather of the first part of the season, the supply of fodder was conserved, and the cattle were kept in good condition. The value of farms and of cattle has declined during the last few years. There is practically no sale for cattle and horses. Milch cows and poultry are about the only descriptions yielding any revenue. Correspondents state that if the situation does not improve, many farmers will have to give up their land.

Lambs are the best sellers and the prices quoted for wool show some increase over last year.

This is the interesting part of it:

Very few farm labourers are hired by the year, and farmers, where possible, manage without help, as they cannot afford to pay wages.

I do not know whether our city men realize what this means to a farmer; but I know—and I have farmed under those conditions years ago as well as recently—about not being able to hire farm help. It means that the wife must go out and help on the farm to do work that the man cannot do alone. It means, in all too many cases, that children are kept from school who should be in school and are thereby deprived of getting an education, which feature is the saddest of all.

By the way, I am sorry that the Minister of Railways and Canals (Mr. Graham) is not present, because I have a little crow to pluck with him about farm help in the Maritime provinces in the harvest season. Last year, just about the time when we got ready to harvest our potato crop, which is the crop for which we require the most help, a crop that takes a great deal of help, I saw the usual advertisement of cheap farm excursions to the Canadian West for farm help. I immediately sat down and wrote to the minister calling his attention to this, also calling his attention to the fact that, due to depressed times in the Maritime provinces and to the lure of good wages in the United States, many of our young men had left the Maritime provinces and gone to the United States; that help was very scarce. Most of our farmers in the potato growing belt hire their men by the summer; they have to do so because there is a continuous summer's work in cultivating and spraying potatoes. What happens when those posters are put up on fences, barns and every other place where they can stick them,

advertising a cheap rate to the Canadian West? Your hired man puts in his team at six o'clock and he is in such a hurry, he has hardly time to feed them. He tells you that he is going on that harvest excursion next morning. That is after he has been paid good wages all summer and possibly been not overly busy all the time, so that he may be available in the rush season for the potato harvest. I got a reply from the Minister of Railways and Canals stating that this was a matter, not for the government, but for the railway management. I do not agree with the minister. In the matter of inducing people to move from one part of the country to another, it is not for the railway management but for the government to take means to see that help is evenly distributed. If they endeavour to get help for some part of the country that is in need of it, I hope they will not rob the Maritime provinces of the few men whom they are able to retain for the harvest in the fall of the year. If they need help for the western harvest fields —and I realize they do and I do not object to their getting it—let them bring it from where they can get it without robbing the Maritime provinces. Let them go to the bread line in the cities. Of course, I realize that very few of those men will go to the country; they want to be able to go to the pictures at night.

I wish to quote from the records of the special committee on Agricultural Conditions which sat last year to show the other side of the picture. I have endeavoured to give, as briefly as I can, just what is happening to agriculturists in the Maritime provinces, and I think we have had proof enough of conditions in the other provinces. Last year we had all classes of people before us. Some were summoned and some appeared voluntarily. I want to quote from the statements of some manufacturers who were before the committee. I do not wish to be unfair to anybody, nor call particular attention to any manufacturer in Canada and, therefore, with your permission, Mr. Speaker, I will omit the names. This particular manufacturer who appeared before our committee painted a very doleful picture of the condition of his industry for the two previous years. We took his statement and we believed it as being possibly correct. He did not, however, state that they had lost money because they could not manufacture the article that they were manufacturing for the prices that they were receiving, but they had lost money because they were not selling; they were doing no business and they were maintaining a big overhead which was eating up, not only their profits, but their capital. After listening to this very patiently, our chairman asked this question:

> You brought forward a rather doleful picture of the last two years, and I said, to be fair, we should have a ten-year statement. Do you think there is any objection to giving that?—A. I think I have that, Mr. Chairman, and if you would like to consider it, I will pass it to you, and I would like you to consider it yourself, or with any members of the committee, but I prefer not to have it on the record.

That is, he offered to hand it to the chairman to consider it himself or with any member of his committee, but he refused to have it put on the record. If his condition was bad, why would he refuse to give us the required information. Because no man, I do not care how sharp he is, could form an opinion of the condition of any business by the condition during the two years of which he had given us the operation and cost in very minute detail. We had, however, before us another manufacturer who was more frank, and with your permission, Sir, without giving the name, I will also read a few questions and answers from this man's evidence. The first question and answer which I wish to quote are as follows:

> I think you told us your capital at the start was $60,000?—A. $125,000.
>
> Q. $60,000 paid up in cash?
>
> Q. What is your present worth?—A.—

This company was formed in 1903 and had been in operation for eighteen years at the time when this evidence was given.

> A. Our present worth on July 31, 1922, surplus $12,500,000, capital, $7,000,000,—about $20,000,000.

That is quite interesting. Starting with a capital of $60,000, they had increased their worth to $20,000,000 in working capital and in the cost of their plant. We were naturally quite anxious to know how this capital had been increased from $60,000 to $20,000,000. There is, however, another question which comes first:

> Q. How much dividends have you paid on that?—A. Over what period?
>
> Q. In the whole period?—A. $10,000,000 in cash and $6,000,000 in stock.

The next answer is very interesting:

> Q. How has that capital increased to the present amount?—A. By earnings. There was never any fresh money taken in.

I will admit that that is a very frank statement. Starting with a capital of $60,000, admitting there was no further capital taken in, they had increased their worth to $20,000,000 besides paying to the shareholders $10,000,000 in actual cash dividends.

Mr. MITCHELL: What line of business was that?

Mr. CALDWELL: Manufacturer of automobiles, and by the way I think there should be a reduction in automobiles this year. We require cheap automobiles and especially trucks. In New Brunswick, due to the shortage and high cost of help, many of our farmers buy trucks to haul their potatoes to market when they live any distance from the railway, and I think it would be a boon to the farmers to take the duty off trucks and cheap cars. I say that in view of some of these statements it is unfair for hon. gentlemen to accuse the government of any attempt to secure the support of the Progressives in this House through a reduction in the duties on argicultural implements and other tools of industry. I would strongly commend to the careful perusal of my hon. friends the evidence that was given before the special committee on Agriculture last year, and unless their hearts are made of stone I think they will hardly ever again object to anything that will help the agriculturists out of their present difficult position. I am going to quote a part of a letter which I have received from a gentleman in New Brunswick, and I will not refuse to give his name if it is asked for. This gentleman is not a farmer, and I think he must have been reading the evidence that was given before that special committee last year. He says:

> I have been a manufacturer and merchant, doing business in the Maritime provinces for thirty-five years, president and secretary for Connors Bros. Limited for twenty-five years, president and secretary for the Maritime Steamship Co. for fifteen years, president of Sturgeon Cove Lumber Co., Ltd. for ten years, and several other corporate and private companies in the Maritime provinces, would say:—
>
> I have been a believer in a high protective tariff in the past for manufacturers, such as the United States for home practice. But times have changed, and we must study our best interest and lay party lines aside, because our people that have been educated in all lines of business are leaving Canada and going to United States. High tariff is all right for them, but bad for Canada, because we cannot sell our fish, lumber and wheat we produce. Not more than half of it can be sold in Canada, and when we look to use our nearest and best markets we are up against a wall of high tariff.

Here is a man who admits that he had always been an advocate of a high protective tariff but, as he says himself now, times have changed. Well, Mr. Speaker, in concluding I might quote that old saying, that a wise man sometimes changes his mind; and much as I dislike saying unpleasant things, I cannot but add the rest of it—a fool never does.

Hon. E. M. MACDONALD (Minister of National Defence): I had not intended trespassing on the time of the House or taking part in the debate, and I would not at this late hour venture to detain the proceedings were it not for the peculiar performance which the House has witnessed this evening on the part of the hon. member for St. John (Mr. Baxter). After having during the past months advertised himself throughout the country as the great champion of the rights of the Maritime provinces, after spending almost three months of the present session in parliament, the hon. gentleman has taken this opportunity of putting forward in his own peculiar way what he considers to be the claim of the Maritime provinces; and he has done so at midnight at the end of this protracted debate. At no time since the session opened did this wonderful champion of our rights in the Maritime provinces venture to call the attention of the House or of the country to our needs and our necessities until the present moment, and under these peculiar circumstances. The hon. gentleman has put forward remarkable claims, and made loud assertions as to the necessity for unity among all of us who come from the Maritime provinces. I may be permitted, I think, to say that hon. gentlemen who come from that part of the country view with a great deal of suspicion these high-sounding statements on the part of the hon. member. We recall a meeting that took place a little over a year ago during the last session of parliament when all hon. members from the Maritime provinces, irrespective of politics, assembled to discuss matters and agreed that they would fight unitedly on certain questions which they considered of importance to the Maritime provinces. Within three weeks after that meeting had been held, at which my hon. friend was present and in the discussions in which he joined in the most assertive way, declaiming upon the necessity for united action, when a question arose in this House on a motion submitted by his colleague the hon. member for South Wellington (Mr. Guthrie) to strike out of the estimates a very much needed public work in the province of Nova Scotia, this high-sounding patriot supported that action against the interests of the part of the Dominion in which he professes to take such a lively interest. Since that time, when he indulged in such high-sounding phrases as he used to-night in regard to the rights of the Maritime provinces, I asked him this evening what his platform was and just what his demands amounted to on behalf of the provinces by the sea and he failed to give any answer. Well, I do not want to detain the House, but I must say that my hon. friend is hardly the type of man to go forward as the leader of the people of the Mari-

time provinces. I intimated to him the opinion which the Fredericton Gleaner had of him, and he replied that he had stopped endorsing notes for that paper. Naturally the inference was that when he did endorse notes for that strong Conservative journal it praised him. And the further necessary inference must be that he was obliged to endorse notes for some newspaper in order to secure some appreciation of himself.

Mr. DUFF: And the bank would not discount the notes.

Mr. MACDONALD (Pictou): This leading Conservative organ in New Brunswick referred to the hon. member not long ago as one who had an unenviable reputation as a public man, and declared that he was viewed with a great deal of suspicion in that province. Yet this is the gentleman who comes here and upbraids other hon. members who have been fighting continuously in the direction they deemed wisest and most prudent in the interests of their part of the country. I say that we may naturally be expected to resent this ex-cathedra tone, this air of superior dignity which this wonderful gentleman assumes when he addresses the House and alternately chastises gentlemen who sit on his left and those in this part of the chamber who represent the Maritime provinces. I happen to have under my hand a report of the debates of the legislature of New Brunswick for the year 1919 and I find here the address which was given at that time by the then premier of the province, reciting the findings of a commission that had been appointed by the government. He makes this statement:

> Then we have ex-Attorney General Baxter found guilty of assisting W. Tennant to fabricate evidence for the purpose of misleading the court, a court duly constituted to hold the inquiry concerning the Valley Railway.

Mr. BAXTER: I was never found guilty by anyone of assisting any man to fabricate evidence.

Mr. MACDONALD (Pictou): I am reading from the official debates of the legislature of New Brunswick.

Mr. BAXTER: And I am speaking from my own personal knowledge.

Mr. MACDONALD (Pictou): My hon. friend is suggesting that the report of the commissioner, which the then Premier of New Brunswick was quoting was incorrect. I am quoting from the official report of the debates of the legislature of that province and it mentions my hon. friend in that way.

[Mr. Macdonald (Pictou).]

I need not go into the findings in detail, but I may mention this further fact—

Mr. BAXTER: I object to this, Mr. Speaker, because any report which my hon. friend professes to quote from is that of a desperately partisan commissioner, a mere hack of the government of the day. But even he never found me guilty, either directly or indirectly, of suppressing any evidence.

Mr. MACDONALD (Pictou): I am quoting, as I have already said, from the speech of the Hon. Mr. Foster who at the time in question was Premier of the province of New Brunswick. He was reading from the report and he concluded—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I would ask the hon. member to consider whether or not he is within the rules of the House in discussing the personality of another hon. member, basing his remarks on a report which is not regularly before the House. I understand that the hon. member is reading from a report which is not regularly before the House.

Mr. MACDONALD (Pictou): I do not catch what you say, Mr. Speaker.

Mr. SPEAKER: I was about to say that it is against the rules to quote from a report which is not regularly before the House, especially a report emanating from another legislature. At page 62 of Beauchesne's Parliamentary Rules and Forms will be found the following under rule 19:

> 234. Besides the prohibitions contained in this rule, it has been sanctioned by usage both in England and in Canada that a member while speaking must not: (1) discuss messages or reports which are not regularly before the House.

Under those circumstances—

Mr. MACDONALD (Pictou): Excuse me, Mr. Speaker, I am discussing this proposition: My hon. friend claims that he is the great exponent of the rights of the Maritime provinces, and throughout the country and in this House he has put forward certain views and asserted his leadership respecting the exposition of those rights. He has belaboured hon. gentlemen who sit in this House from other parts of the Maritime provinces for their laxity in defence of these rights, and has asserted that he alone is fulfilling his duty. I take the point, Mr. Speaker, that other members from the Maritime provinces and the people of those provinces will not follow the leadership of this gentleman, and I am showing the House why they will not.

Mr. SPEAKER: But I cannot as Speaker—

Mr. MACDONALD (Pictou): Let me—

Mr. SPEAKER: Order. I cannot as Speaker allow the hon. member to assail the personality of a fellow-member by basing his charges on a report which is not regularly before the House. This report emanates from the provincial legislature of New Brunswick, if I mistake not, and the charges contained therein are specifically denied by the hon. member in question. Under the circumstances his denial must be accepted by the hon. gentleman.

Mr. MACDONALD (Pictou): Your Honour rules that I cannot quote from a report made to the legislature of New Brunswick. But your Honour will rule that I may quote from the terms of a resolution passed by that legislature?

Mr. SPEAKER: Yes.

Mr. MACDONALD: That resolution, after referring to my hon. friend, and certain other gentlemen whom I do not intend to name for the moment, proceeds as follows:

Resolved that in view of the evidence and the findings of the said commissioner—

Mr. BAXTER: Mr. Speaker, I submit that the resolution is no more in order than the report.

Some hon. MEMBERS: Go ahead.

Mr. MACDONALD (Pictou): (reading).

Resolved that in view of the evidence and the findings—

Mr. STEVENS: Mr. Speaker, I rise to a point of order. The hon. member, whether he is reading from a report or whatever it may be, has given utterance to certain statements reflecting upon the hon. member for St. John. The hon. member for St. John from his place in the House has declared that the statement is not in accordance with the fact. I submit to you, Sir, that under the rules of the House the word of the hon. member for St. John must be accepted, no matter what the document may be that is being quoted or whether it is in order or not.

Mr. SPEAKER: That has been my ruling. I called upon the hon. gentleman not to assail the hon. member for St. John by basing his remarks on a report or a resolution, the charges contained in which are specifically denied by the hon. member assailed, I rule that according to Bourinot, page 336, reading from a document casting reflection on an hon. member is out of order.

Mr. MACDONALD (Pictou): Mr. Speaker, the question as to whether or not a resolution was passed in the legislature of New Brunswick calling upon my hon. friend to resign is a fact which I think I can mention. I was not reading from any report of a committee or a commissioner, but from a resolution passed by the legislature of New Brunswick, stating that the conduct of my hon. friend was derogatory to the proper tone of public life in that province, and asking him to resign his seat in the legislature.

Mr. BAXTER: It is not correct.

Mr. MACDONALD (Pictou) My hon. friend says it is not correct. I am not going into the findings of the commissioner. All I say is that in view of the fact that this is on record as part of the proceedings of the legislature of New Brunswick, it is about time that my hon. friend from St. John should cease lecturing hon. gentlemen in this House with an air of serene superiority and intense holiness, an air which he has adopted ever since he came to this House. He undertakes to lecture everybody who happens to disagree with him upon any subject. I submit that this conduct sits very badly upon a gentleman, the legislature of whose native province passed the resolution which I have referred to, which is on the records of that body, and which will remain there forever.

Mr. ROBERT GARDINER (Medicine Hat): Mr. Speaker, I quite realize that the hour is late, and in view of the fact that the budget has been so thoroughly debated I shall not take up any more time than I can possibly help in the few remarks I am about to offer.

In so far as the tariff reductions and the provisions dealing with the sales tax are concerned, I approve of the budget. But I would call the attention of the House and of the government to the fact that there are many other items in the tariff schedules that could very well have been reduced with great benefit to the consumers of this country. In view of the high cost of living I think the government might have gone a good deal further and made such reductions as would have increased the purchasing power of the people.

We have heard a good deal about the benefits of protection, but in my opinion there is no possibility of a protective tariff making for prosperity in this country. We must all realize this important fact, that the only way whereby wealth can be produced is by applying the machinery of production and labour to the development of our natural resources, and anything that stands in the way of such development will naturally reduce the amount of real wealth that otherwise would eventually be produced.

4 a.m.

We have about four basic industries in this country, agriculture, fishing, mining and lumbering, and I would like to make this statement, which I believe is correct: Those industries that enjoy a high protective tariff must of necessity lean on those that receive practically no protection, and under those circumstances I do not see how the system of protection can be considered fair. I remember when I left the Old Country twenty-two years ago to come to Canada to take up farming I thought I was coming to a land of freedom, but after I had been farming two or three years and got hold of a little money to buy implements I realized the very important fact that I had sold my freedom when I came to this country because I had placed myself in a position where I was exploited by those who were in the privileged position of being able to exploit me through the tariff. As far as I am concerned I am absolutely against the principle of the protective tariff.

I would like to make reference to the speech that was made by the hon. member for West Toronto (Mr. Hocken) in this House the other day. He turned to the hon. members in this corner of the House and told us what eastern Canada was proposing to do for western Canada so far as branch lines were concerned. He said that $28,000,000 would be spent in western Canada for branch line construction, and he tried to give the House the impression that eastern Canada was going to provide that money for these branch lines in western Canada. Now I would like emphatically to deny that eastern Canada will pay for these roads. We in western Canada produce to-day wealth, and to the extent that we produce wealth we produce credit, and it is upon the credit of western Canada that these lines will be built, and eventually we shall pay for them. Eastern Canada will not be called upon to pay one dollar for the construction of those branch lines. So when the hon. member for West Toronto makes the statement that eastern Canada is doing a lot for western Canada, I must take issue with him.

Our friends who believe in the protective tariff say that we should have a high tariff in this country to take care of the industries we have built up. In my opinion the fact of our having had a tariff in this country for the last forty-five or fifty years has had the effect of stultifying our basic industries. Not only that, but we are facing this situation: During the last ten or fifteen years we have found that practically every civilized country has become industrialized, and to-day we have not the markets that we had twenty or twenty-five years ago. That is a factor that must be taken into consideration when we are dealing with the tariff, because we must remember that the real wealth we produce must come from our mines, forests, fisheries and our fields.

There is a matter that I would like to bring before the House that perhaps might be of interest and possibly of some value. I hold in my hand the Canadian Congress Journal of April 1924. This journal deals with the productive power of labour employed in certain provinces of Canada. It also gives the average salaries and wages that are earned by those who are engaged in productive industry. In the province of Ontario, for instance, the net product per employee is $2,455 and the net average salary and wages $1,048; in other words, the producer who produces the wealth of this country receives only 43 cents for every dollar's worth of wealth he produces. In the province of Quebec the net product per employee is $2,290, and the average salary and wages $922, or an average of 45 cents of every dollar's worth of wealth produced. Taking Canada as a whole we find that the net product per employee is $2,416 and the average salaries and wages paid $1,010, which makes an average payment for salaries and labour of 42 cents for every dollar's worth of labour produced. That brings us to what I consider the most important question we have to face in this country, and that is the question of purchasing power. We have heard in this House on many occasions that this country is very rich in natural resources. That is quite true. We have also heard that we have splendid factories and machinery of production. We know we have a virile labour power, and with all these factors there is no reason why any man, woman or child in this country should be without the necessaries of life. The question appears to be not so much whether we shall have a high protective tariff or a tariff for revenue, as how can we distribute the goods that are produced to the people who require them? In other words, it is a question of distribution. I do not pretend to stand before this House to-night and offer any remedy for this situation, but it is a situation we have got to face, and I am satisfied we shall have to face it in the near future.

I cannot conceive that the people of Canada or any other nation in the world, when they have valuable natural resources, the machinery of production and the labour power

that can produce all they require to sustain them without any great effort are going to quietly acquiesce in any kind of a policy that will deprive them of the very necessaries of life. That I believe, is the problem we shall have to solve, it is a question of distribution. I do not propose to follow the subject any further at the moment because, as I said before, the hour is very early.

I would like now to bring before the House the very important question of rural credits for our agricultural population, and in this I do not speak alone for the part of the country I represent, but for the agriculturists of all Canada. At the present time we have practically no proper system of agricultural credits. If we require short term loans we have to go to the bank and get one for sixty or ninety days at a high rate of interest. That is not satisfactory. When a farmer requires a short term loan, he wants it to run for nine or twelve months. Consequently, even our banking system is not capable of accommodating him with that class of loan, and in that respect our banks are failing to carry out the functions they are supposed to carry out. Our banking system is more applicable to other industries than to agriculture; it does not meet the needs of agriculture at all.

Then we require what we term intermediate credits—credits such as would be available for breaking up or clearing land, buying live stock, and so forth, loans that would run from one to four years. We also need another kind of loan running from say five to twenty years or longer, at the option of the farmer.

In so far as our mortgage loans are concerned at the present time we in western Canada can only get these loans from the regular mortgage companies. The terms for their money would run from 8 to 10 per cent, and the period for which they desire to loan is something like five to ten years.

In the first place I should like to call attention to the fact that our industries which receive the benefit of a protective tariff maintain that they are incapable of paying rates of interest higher than 6 per cent when they want extra capital for their business needs, notwithstanding the fact that they receive the benefit of a protective tariff. How then can you expect the farmers of this country—who have to bear in a large measure the burden of the protective tariff in force at the present time, and who have to compete in the markets of the world against all other countries—to pay 8, 9, 10, and sometimes 12 per cent for their money when the protected industries claim they can only pay about 6 per cent and that is their limit. It seems to me, Mr. Speaker, that this question of rural credit is one of the most important questions this House will have to deal with. We took a great deal of evidence before the special committee appointed to look into agricultural conditions last year, and we found that in so far as rural credits were concerned the farmers were asking for money at reasonable rates of interest. The government sent a gentleman out as commissioner to look into this important question, and his report has been tabled here. I have gone over that report very carefully. The commissioner in his report admits the need of a different system of agricultural credit, but he does not suggest any method whereby this important question can be solved. To come to the crucial point of the whole question the matter of where we are going to get the money to provide these rural credits is the real issue we are up against at the present time. I am going to make a suggestion to-night as to a method whereby the money could be secured so as to enable rural associations formed for the purpose of giving agricultural credits to be financed properly through their provincial governments. I think the time is coming when we in Canada will demand that instead of the banks being allowed to issue their own notes we shall have a central bank operated by the government that will be responsible for the issuing of money. That I think is one of the most important things that will have to be looked into in the near future. I see no reason why this parliament should not assume the responsibility of issuing all the currency in Canada. Then the banks desiring to have money to do business with would put up their securities for the advances made to them by the central bank of issue. A somewhat similar arrangement is provided for at the present time under the Finance Act of 1914, but I believe that the time has come when the scope of the measure should be enlarged and that all money should be issued by this bank of issue on behalf of the people of Canada. If such a bank was formed and if all issues of money emanated from this bank, then I see no reason why, for example, the provincial governments should not have the same privilege as a bank—that is they should be allowed to take the provincial securities to the central bank of issue and get an issue of notes against securities that they would pledge with the bank for the redemption of the money. From the money so borrowed these provincial governments could finance agricultural credits in the various provinces. I merely make that

suggestion to the House, but I trust the government will take some action in regard to it this year because it is important that we should have the question of rural credits settled at the very earliest opportunity. I would remind the House also of this very important fact: We are spending something like $3,000,000 a year to bring settlers to this country, and what are we going to do with them when we get them here? We have no method of financing those settlers if we desire to put them upon the land. Until we have some such system it is worse than useless to spend two, three, or four million dollars a year to bring in fresh settlers to settle upon the land, and our immigration policy is absolutely ridiculous.

There is another matter I should like to refer to for a moment and that is the port of Vancouver. Representing as I do an Alberta constituency the development of the port of Vancouver is a very important necessity to us. It is estimated that we will ship through the port of Vancouver this year something like 50,000,000 bushels of grain, and as time goes on the amount of grain passing through that port will become much larger. There will also be shipped through the port of Vancouver other commodities than grain, and therefore the development of that port is a matter of great concern to us at the present time. I understand that the Board of Harbour Commissioners have made requests to the government for sums of money for different development purposes. It was rumoured at one time that the amount was something like $18,000,000. Lately I have heard that the amount they are demanding is in the neighbourhood of $12,000,000. I do not know whether that is correct or not, but the government will doubtless bring down an estimate for a substantial vote of money for the development of the port of Vancouver. The reason I bring this question up to-night is this: While we would desire to see the port of Vancouver have all the facilities that are necessary for the proper carrying on of business at the present time, we are very anxious that there shall be no over-development at that particular point for the reason that if there is over-development at that port we are satisfied the grain passing through it will have to carry the big share of the burden.

I would refer hon. members to the report of the Montreal Harbour Board, and if they look up the financial statement of that board they will find that the grain passing through the port of Montreal is bearing the big bulk of the cost of that particular port, and I submit that the charges on grain are far too high in comparison with the service they are rendering. The same thing might become prevalent in the port of Vancouver. We as grain farmers are quite willing to pay our fair share of the charges of the port, but we are not willing to pay more than our fair share, and if there is an over-development at the port then we are satisfied that we will have to pay more than our fair share on the grain passing through that port. Another matter I would like to ask the government to take an interest in is with reference to the elevators at Vancouver. I submit with all seriousness that those elevators should be placed under the grain commission. We are not satisfied the elevators at the port of Vancouver should be wholly under the control of the harbour board. We believe the Board of Grain Commissioners is the proper authority to control these particular elevators, and I trust the government will take some action in the near future to see that these grain elevators are placed under the grain commission, and that the grain commission will have full authority over them, so far as their power goes. I would like the government to look into the matter of the port and the elevators at the port of Vancouver to see that the elevators are licensed under the Board of Grain Commissioners. If they are so licensed, then we have some control over them, but if they are not so licensed under that board, then we have practically to all intents and purposes very little control over their activities.

During the last session of this parliament a considerable sum of money was voted for an addition to the No. 1 elevator at Vancouver, and I trust the Minister of Trade and Commerce (Mr. Low), or the Minister of Public Works (Mr. King), whichever is the responsible official, will take cognizance of what I have to say on this particular matter. From a return we have received in this House we find that it has cost for that new construction on No. 1 elevator, 98 cents a bushel to build that elevator. In so far as the cost at the head of the lakes is concerned, it costs usually about 23 cents a bushel to provide storage capacity. Now when we find that at the port of Vancouver it costs 98 cents instead of about 23 cents, I think we are justified in asking the government why it is that there is such an excessive cost at the port of Vancouver, as compared with the cost at the head of the lakes. Possibly the government may say that it was necessary to push on this work and make haste; but even conceding that it was necessary to make haste, I submit that the cost is far too high. I find also

from returns made to this House that there there were no tenders let for this particular additional work to this elevator. The Pacific Construction Company did the work on a cost plus basis. It is all right to have work done on a cost plus basis, provided the cost is within reason, but when you have work done on a cost plus basis where the actual amount of money spent is perhaps three times more than it should be, then we can begin to realize that the profit, even on a cost plus basis, to the construction company is far too excessive.

Another matter I would like to bring before the House is in relation to the port of Vancouver. You will have noticed in the press some months ago where some arrangement has been made with the harbour board to buy what was known as the Woodward elevator. I understand that the foundation had only been built for this elevator when Mr. Woodward died, and we find that the Board of Harbour Commissioners has bought this foundation, bought the property in fact; but what are they going to do with it? They are going to complete it at a probable cost of $650,000, and license it to a private company, and for what purpose? For the purpose of buying grain and possibly mixing it. Now, Mr. Speaker, we know something of what is taking place in private terminal elevators or mixing houses at the head of the lakes, and I am very sorry indeed that the harbour board has allowed a mixing elevator to operate at the port of Vancouver. We must remember that this mixing elevator is going to be paid for by public funds or public credit, and I submit that it is no function of the harbour board to buy elevators and turn them over to private interests, for the exploitation of these private interests. I am going to bring to the attention of the House information furnished by the Board of Grain Commissioners to the special committee on agriciultural conditions at the last session of parliament. This deals with the private terminal elevator companies or mixing houses at the head of the lakes, and I am going to give the House one example of what is happening there, so that the House and the government will realize why it is we object to the mixing houses being operated at Vancouver. On this side of the page are the different grades that go into the elevator. In this particular case there were 48 different grades that went into the elevator. In these other columns are the number of bushels of the different grades. One column represents the total number of bushels of the different grades that go into this elevator. Over on the other side at the far corner appear the different grades that were shipped out. As I stated a minute ago 48 different grades went into this elevator, but only five grades came out. The grades on this side run from No. 1 northern to tough feed. We have rejected—tough and no grade running down to rejected feed, which is a pretty poor sample of wheat.

I am giving the House an opportunity to realize the different classes of grain that went into the elevator. The grades shipped out were Nos. 1, 2 and 3, No. 4 dried and No. 4 heated. No. 5 and No. 6 special. Feed wheat and rejected feed—these grades have disappeared. Where do they go? They go into the higher grades. That is where these went. I would like to remind the House also of this important fact that when we farmers in western Canada ship a carload of grain we ship it usually through a commission house, and the commission merchants sell it for us When we get our bills back the first thing we find on our bills is the freight and the interest on the freight. The next thing we find on the bill of cost is the one cent commission for selling the grain, and the next item is the weighing and inspection charges. I have looked up the auditor's report and I have found that the farmers of western Canada, pay all the salaries, the charges of both the weighing and inspection departments and when we pay their salaries, they should be to all extents and purposes our servants. But what happens? When our servants grade our grain, these are the grades they give to us. But when they grade it out of the private mixing houses these others are the grades they give to the terminal elevator companies, although we are paying the salaries.

In one column there is shown the total number of bushels shipped in, and in another column is shown the total number of bushels shipped out. I will give the figures to the House so that they will begin to realize our objection to this particular project that is going on in Vancouver. The total number of bushels of all grades of grain shipped in amounted to 704,283 bushels, 50 pounds. The total number of bushels shipped out was 831,000, or 126,716 bushels, 10 pounds more were shipped out than were shipped in. The quantity of wheat the farmer gets paid for when he ships his wheat in is 704,283 bushels 50 pounds, but when that company ship out their wheat, they get paid for 831,000 bushels. I have brought this particular return before

the House in order to emphasize to the government the reason why we object to this Woodward elevator being turned over as a mixing house to private interests at the expense of this country.

Perhaps I might give a little further information with regard to the situation at Vancouver as regards the harbour board. They have had engaged there as superintendent of the harbour board elevator Mr. Colin McLean. Mr. McLean was employed by this very same company at the head of the lakes, the return in regard to which company I have read. I understand that Mr. McLean has recently handed in his resignation to the Vancouver Harbour Board, but that the royal commission is going out there to make some inquiries and he has agreed to withhold his resignation until such time as that commission visits Vancouver, takes the evidence and makes its report.

Mr. STEVENS: I am sure the hon. gentleman would not choose to injure unjustifiably Mr. McLean's reputation as regards his record in Vancouver. It is only fair to state—and I am sure my hon. friend will permit me to state this—that Mr. McLean's record during his residence in Vancouver is absolutely clear from any charges or suggestion that his administration has been in any respect faulty.

Mr. GARDINER: I thank the hon. gentleman for the information, but we will proceed a little further and see how the information that he has given to the House coincides with the information that I have received. Mr. McLean, as I stated, was connected with this Davidson Smith Elevator Company at Port Arthur; Mr. McLean is now manager of the elevator at Vancouver. The Pacific Construction Company is a company that was formed very recently for the purpose of building elevators at the port of Vancouver. Mr. Davidson, who was one of the partners of this private terminal elevator, is president of the Pacific Construction Company. He is president of the company which made the addition to the present elevator last year at 98 cents a bushel capacity, whereas at the head of the lakes it cost 23 cents a bushel. There may be some connection in that way. With regard to the explanation of the hon. member for Centre Vancouver (Mr. Stevens), I would just remind the House of this important matter in connection with the operation of the Vancouver elevator under Mr. McLean. Hon. members will remember that, during last winter, Mr. Maharg, a former member of this House, made the statement that there was a certain spout in the Vancouver elevator in such a position as to make grain shippers feel that all was not well. This particular spout was right under the spout that grain comes in through.

Mr. KING (Kootenay): Does my hon. friend think it is quite fair to go into the history of this spout and at this time to repeat and to follow the gossip that has been used throughout the prairies, knowing that a commission is going to investigate this matter and report upon it within a few days in Vancouver?

Mr. GARDINER: Under those circumstances, I will say just this, that instead of one spout being found in that elevator there were four that should not have been there. In view of the representations made by the Minister of Public Works (Mr. King) I will not deal with that matter any more, other than to call the attention of the government to this very important fact, that in all these terminal elevators, we usually have overages, but so far as I am aware no overages have been published with this particular elevator. Whether there were any overages or not, I do not know, but I would suggest that the government look into that particular matter. This Woodward elevator is going to be used as a mixing elevator, and we protest just as strongly as we possibly can against the public money or credit of this country being used to allow persons to go into this character of business. It should be no function of the harbour board nor of the government to finance a corporation that will go into this particular class of grain handling.

I want to say just a word in regard to the amendment and then I have finished. I propose to vote for the amendment because it represents the platform upon which I was elected, and I am not going to vote against my convictions or against the platform upon which I sought the suffrage of the people. It is usual I believe in this House that when an hon. member votes for an amendment against the budget, the government look upon that vote as a vote of want of confidence in the government. Personally, if the government feel that way about the matter, then I cannot help it. That is their business. I do not propose to be tied down by precedent. I am here as an independent member of this House, and I propose to retain my independence as long as I am a member of this House.

Mr. JOHN MORRISON (Weyburn): I have noticed that since ten o'clock last night when each succeeding speaker has risen he has apologetically explained to the House that it was not his intention to speak for any great

length of time. I observed also that when the preceding speaker intimated that he was about to close, there was some elation on the part of hon. members. I am not going to say that I intend to cut my remarks short, simply because it is five o'clock in the morning. I consider that it is an injustice to the members of this House that they should have been kept here all night.

An hon. MEMBER: Cut it out.

Mr. MORRISON: No, I am not going to cut it out; I am going to tell you just what I think. We western members and those who come from the Maritime provinces are obliged to stay here for five months never having a chance to get home once; yet, for the accommodation of those who live nearby in Quebec and Ontario, because they are anxious to get home every week end, we are kept here all this night. I am going to take all the time I want and I make the statement without any hesitation.

Now, much has been said about the reductions in the tariff ruining the manufacturers, and I am going to give you a little enlightenment on just how it will ruin them, particularly our farm implement makers, about whom we hear so much. Since last session, I had the privilege of interviewing the managers of two of the largest farm implement concerns in Canada, and I discussed matters with them. I asked one of them whether he patronized home industries himself, by buying his raw materials in Canada and he said he did not. I wanted to know why, and he pointed out to me that he was a winner by buying his raw materials abroad. He explained that when he bought his steel in the United States, the price of the steel, plus the duty, equalled the price he was charged by the home steel producer, and if he got this steel at home he received no rebate. On buying his raw materials abroad, however, he got a rebate of 99 per cent, which, to use his words, was all "velvet" to him. He could not therefore afford to patronize the Canadian steel industry, which we have bonused to the extent of $17,000,000. The hon. member for St. Lawrence-St. George (Mr. Marler) almost wept—

Mr. MARLER: Hear, hear.

Mr. MORRISON: You prick up your ears now, I see. Come a little closer and you will hear it all. The hon. member was feeling very badly about the condition of the interdependent industries; according to him, the farm implement manufacturers were going to be put out of business by the reductions in the tariff. By this system of rebates, which has formed a part of the customs tariff law, there has been a real incentive, a real inducement to the manufacturers to go abroad for their raw materials, instead of patronizing the home industries. It is not among the pet theories of these manufacturers to favour investigations into the tariff in the interests of the workers. They have not been lying awake at night considering the working men in the coal mines, in the steel industries, or in the National railways. They forget all about that; they ignore co-operation and the part that it ought to play in these industries. After speaking for some time with this gentleman to whom I have referred, I said to him: "After all, my friend, don't you think it is a miserable arrangement to build up the industries of the country by this tariff route and bonus route?" He said in reply: "Between you and me, Mr. Morrison, I think it is."

Mr. MARLER: Is the hon. member repeating something that I said?

Mr. MORRISON: Does my hon. friend not understand English?

Mr. MARLER: I thought I did, but for the moment I am not positive.

Mr. MORRISON: That is your fault, not mine. We have bonused the steel industries to the extent of about $17,000,000, and, according to some, the object has been to provide employment for the working man, others say that we have done it so that we should not be dependent on other countries for our raw materials; and hon. gentlemen to my right are of the opinion that it is necessary in order to build up a well-rounded Canada and have a home market. In looking into this matter I was surprised to learn that there was a rebate not only in respect of the raw material imported for conversion into exportable products but also in regard to many domestic sales. I have here the Customs Tariff Act giving a list of the things on which there is a rebate. On page 223 I find that there is a drawback of the customs duty allowed, under the Act of 1914, not exceeding 99 per cent of the duty that may be paid through the Department of Customs on pig iron used by the manufacturers of mowing machines, reapers, harvesters, binders or attachments for binders, in the manufacture of these and other goods for consumption in Canada. So that this new arrangement, by reducing the tariff on implements and taking off the duty on raw materials, is going to tend to the patronising of home industries by the manufacturers. It has been a real improvement. We have paid $17,000,000 to bonus steel plants in Canada. The British American

Steel Corporation officials were the ringleaders in our Great Lakes Shippers' Combine that made things so interesting last autumn in shipping circles on the Great Lakes, thwarting and defying this government's regulations over shipping, and thereby charging excessive rates on grain. My observation leads me to the conclusion that it is about as logical for us to try to enrich Canada by the bonus and the tariff route as it is for a man to go on a prolonged drunk to overcome his financial difficulties. The last end of such a one is worse than the first. The hon. member for St. Lawrence-St. George (Mr. Marler) said that about $8 from each Ontario and Quebec farmer and $15 from each western farmer was not very much, but would save the great implement manufacturers of Canada.

Mr. MARLER: I never made any such statement in this House.

Mr. MORRISON: You made that statement right from where you are sitting.

Mr. MARLER: I made no such statement. I said that these munificent gains which are going to bring prosperity to the West—the hon. gentleman included, I suppose—all these small gains in the aggregate constituted a large loss for the manufacturers of implements. That is what I said, and it is quite correct, I doubt if my hon. friend at this time in the morning can analyze the statement.

Mr. MORRISON: I have noticed in this House that good, oily lawyers can make an average layman think he said something and when criticized turn around and prove he did not say it. The member for West Hamilton (Mr. Stewart) placed the figure at about $10. The right hon. leader of the opposition (Mr. Meighen) when speaking of these protected industries being in great danger instanced a glassworks in Hamilton, and said that for the sake of $3 extra on a $5,000 house this industry was put in jeopardy—all along the same line. In my estimation it would be about as logical to reason like this: Eight or ten dollars apiece from the head of each family in Canada would not hurt anyone much and in the aggregate would amount to about $275,000; for each high protectionist annually give this to the high-protectionist in this House, they could do an awful lot of good with the money. The right hon. leader of the opposition said that some industries have gone broke for lack of money One big and influential organization went on the rocks in 1921—not because they did not have lots of money, but because something else was not right in line with the ideals of the voting populace of this country.

The slaughtering of goods, or dumping, is another complaint of our protectionists. But our own manufacturers practise the same methods abroad. For instance, they often sell flour abroad much cheaper than at home. Within the last twelve months I ran across a Swede in my constituency who had been away from Sweden for sixteen years. He went back three years ago and thought he would take his folks a treat from Canada by taking them a bag of Lake of the Woods Five Roses flour. He said when he left his homeland his people had been using dark bread made of rye flour, and the only time they were able to use white bread was at Christmas. Imagine how delighted he was when he reached his little native town, four hundred miles inland, and found that the local flour and feed man was selling Lake of the Woods Five Roses flour at just 50 cents a bag cheaper than it was selling for in Saskatchewan. Last year one of my neighbours went home to the Old Country and found cured meats were being sold much cheaper than they could be obtained in Western Canada or even right in Toronto. Two or three days ago the member for Saltcoats (Mr. Sales) and myself went to the reading room and taking the Manchester Guardian and the Toronto Mail and Empire, we figured out prices. Here is what we found:

Wholesale Prices, May 1st

	Liverpool Per lb.	Toronto Per lb.
Canadian Wiltshire sides.. ..	13¼ cents	18½ cents
Hams..	16½ "	23 to 24 "

Ours is one of the most expensive countries in the world to live in and produce. Manufacturers in Toronto and Montreal profess wonder why they cannot compete with the manufacturers of other countries. It does not matter what wages a man gets, if you give him $10 a day and take away $9.90 for a bare living, he is not getting much for his labour. No wonder the British manufacturer can put up pretty stiff competition in this country. His employees can buy the necessaries of life much cheaper than the employees of the Canadian manufacturer right here where we grow the food.

Some of the preceding speakers have said: Oh yes, the farm implement manufacturers are going on the rocks sure; look how the manufacturers of tractors have been closed up. The facts are these. We started using gasoline tractors pretty freely when the war was on because of the scarcity of men and horses and the high price of oats, $1.40 a

bushel. To-day with oats at 25 to 30 cents a bushel and good work horses at from $25 up to $70 apiece—recently ten good work horses were sold at a sheriff's sale for $210 all told—the farmers have found it is much cheaper to discard gasoline power and go back to the old horse power. That is why the tractor manufacturer is on the rocks—his market is gone.

Western Canada is also suffering very much from excessive freight rates. Transportation charges are one of our big problems in the West. Being an inland people, it is vital that equity be dealt out to all classes in the West, to carriers as well as to producers of freight. There are many inequalities in our freight rates, and this will be apparent when I inform the House that the domestic rate on wheat per ton mile is exactly double from Calgary to Vancouver what it is from Calgary to Winnipeg. It is impossible to find the original foundation on which this rate structure was built. The domestic rate is 41½ cents per 100 pounds, and the export rate 22½ cents per 100 pounds—just 19 cents more from Calgary to Vancouver than from Calgary to Winnipeg. The farmer in the Fraser River valley who wants to buy prairie grain is not getting a fifty-fifty chance with the people in China or Japan; they can buy wheat grown in Alberta or Saskatchewan much cheaper than British Columbia people can. These rates were established many years ago when very little grain or grain products moved West, but over fifty million bushels of our 1923 crop will ship through Vancouver. Surely a readjustment of these rates is overdue, now that Vancouver has such a large volume of this traffic. Lack of volume or lack of density of traffic, is a well-worn reason why shipping rates remain high on the western haul. It is high time there was a readjustment. Of the 1922 crop approximately 20,000 cars of grain were exported from Vancouver and 2,000 cars bought for domestic use in British Columbia, or about one-tenth. If it is profitable, and unquestionably it is, to haul 20,000 cars at the rate of 22½ cents per 100 pounds for export, by what process of reasoning can a rate of 41½ cents be justified on the 2,000 cars of grain needed by Canadians in British Columbia? This is just another illustration of a large Canadian corporation that received grants and bonuses from the public treasury giving people of other countries a better bargain, a cheaper service, than they give Canadians. By the end of the current crop year we will have shipped around 40,000 cars of export grain via Vancouver at the 22½ cent rate, and still British Columbia people are held up for 41½ cents. This makes living out there more expensive, as much grain is purchased for feeding milk cows, poultry, hogs and horses; in fact, those exorbitant freight rates make possible importation of grain from other countries to British Columbia, with lower rates than we get to them. There is no protection afforded our home industry, not even a fifty-fifty deal with the foreigner, but a decided handicap is imposed on the contrary.

5 a.m.

It has always been stated by the defenders of this export and domestic rate, that all other parts of Canada were treated alike, and they all had two rates. This is not so. There is no domestic rate from Calgary to Port Arthur, for instance. The only rate in force, so far as I can ascertain, from Calgary to Winnipeg, 833 miles is 26 cents and as this is the same as from Calgary to Port Arthur, 1,256 miles, it might be considered a domestic rate, Winnipeg not being an export point, while Port Arthur is, and consequently presumably entitled to a lower rate per mile. Winnipeg takes a 26 cent rate for 833 miles, and Vancouver pays 41½ cents for 640 miles, or just double the rate per ton mile, 13 cents per ton mile to Vancouver, and 6½ cents to Winnipeg.

This unjust tax costs the members of the Poultry-men's Union, in the Fraser River valley, a co-operative egg selling association, $75,000 a year. It costs one municipality alone, between the dairymen and the poultrymen from $40,000 to $175,000 a year. These figures are only approximate, but they are not very far out.

When Ontario wanted cheap coal from Alberta, there was no difficulty in Ontario's voice being heard, with the result that a low rate of 35 cents per 100 was experimentally put into effect. The distance from Calgary to Ontario is approximately three times the distance from Calgary to Vancouver. It costs no more to haul wheat than to haul coal; the loading and unloading in neither case is done by the railway; it is simply a case of mileage. If Ontario paid the same rate on coal that British Columbia pays on grain, the rate on coal would be $1.25 per 100, instead of 35 cents, or if we paid on grain the same rate that they paid on coal, we should ship our wheat on a 12 cent rate, instead of a 41½ cent rate.

It may be argued, however, that this 35 cent rate has been withdrawn, which I believe is the case. Let us take then the regular rate, which is $12.85 per ton, or say 64 cents per

100. Then if we had the same rate on wheat for one-third the distance we should only pay 21½ cents instead of 41½ cents, or if they had our rate then they would pay $1.25 instead of 64 cents, and this 64 cents on coal, remember, is a domestic rate, not an export rate.

A few other discrepancies might be quoted to show the chaotic condition of this freight rate question. Sugar from Vancouver to Calgary, 640 miles, costs 98 cents per hundred; to haul it to Winnipeg, an additional 833 miles, only costs 62 cents. Tea costs from Vancouver to Calgary $1.50 per hundred, and to haul it an additional 1,256 miles to Fort William costs exactly nothing; in other words, the rate is the same to either point 1,256 miles apart. Grain from Calgary to Winnipeg, 833 miles costs 26 cents; Winnipeg to Port Arthur, 423 miles, costs nothing. Is it any wonder that the people in St. John say that if wheat can be taken from Winnipeg to Port Arthur for nothing, why not Montreal to St. John, which is only 480 miles.

The domestic rate on tea from Vancouver to Calgary in carload lots is $1.45, and the domestic rate from Vancouver to Winnipeg, $2.51. To Winnipeg the import rate is $1.50 in carload lots, the same to Fort William, Brandon, Edmonton, Weyburn, Regina, Moose Jaw. In less than carload lots the rate is $2.

There has been a lot said in this debate about the uncertainty the manufacturers are in if the tariff is taken off; they do not know what to do, it is said. But I wonder how much certainty the farmer who produces the grain and live stock in this country has? Who guarantees him an income? Who guarantees him a reasonable price? Who guarantees him a reasonable return for his labour? The farmer is up against weather conditions and other uncontrollable factors, but we do not lie down and whine and ask that somebody else be taxed to keep us alive and in the game. The railways through the Railway Commission have their dividends guaranteed, the same applies to the Bell Telephone Company. It is guaranteed eight per cent, and its stock has gone up to 127½ and was up to 128 yesterday. We have no dividends guaranteed to the farmers. I do not believe in guaranteeing any man's investment in this country. Every time you guarantee a man's investment you are creating a contingent liability on the credit of the other fellow. The manufacturers say that this uncertainty is killing the industry. I say it is not, and we propose to kill that heresy.

My right hon. friend, the leader of the opposition charged the government with bringing irrelevant issues into the campaign. Well, some of us fellows have the idea that members of his party did the same thing out in the West, but we are not making much complaint about it. He also said that unity in Canada was essential, and in that I entirely agree with him. Urban and rural, east and west, manufacturer and farmer, we are all solid for that doctrine. I asked the right hon. gentleman to-night if he preached that doctrine in Montreal and Toronto, he said that he did. Now all through our debates in this House the right hon. gentleman has been trying to hang every slip and every defection from the party opposite on to the Prime Minister himself. He holds him responsible not only for his ministers, but for all the members of his party. It is therefore only fair that he should accept the same responsibility for his own following, and if there is one thing that we need in this country it is harmony. Now I would say to the right hon. leader of the opposition that one member of his party, the hon. member for West Toronto (Mr. Hocken), through his work is doing as much to spread dissension and distrust in this country as anyone I can think of. There is nothing to be gained by that sort of thing, and the Conservative party can never work themselves into public favour by adopting such tactics. I refer to some of the work that the hon. member for west Toronto does in the Orange Sentinel. We read in the Scriptures: "Whatsoever things are pure, whatsoever things are lovely, whatsoever things are of good report, ... think on these things." I do not see very much of that kind of thing being reported or discussed in the Orange Sentinel.

It is time that sort of stuff was dropped. While I am a member of the same church as the hon. member for West Toronto I never feel proud of the fact when I look at the Orange Sentinel, which is not very often. If we want unity we must first establish a desire for it in the hearts of men. There is something of more value than making money in this country and that is that men may think rightly toward one another. The methods of my hon. friend (Mr. Hocken) are not helping towards that end but having the very opposite effect.

In regard to the budget while it has not gone as far as some of us would like, especially in certain lines, yet it is a step in the right direction and I am going to support it.

Mr. E. J. GARLAND (Bow River): Mr. Speaker, I have no apologies to make for addressing the House at this late or rather at this early hour. We have sat here for some weeks discussing the budget, and as

a previous speaker mentioned the House has adjourned on some occasions at 10.40 p.m. At other times hon. members have spoken for four hours, or pretty nearly that length of time. Now we are told that the budget is to be voted on to-day. It was really supposed to be yesterday I think. Mr. Speaker, I wish to protest against the arbitrary rulings of the whips. The day is past when whip rule is satisfactory, at least to those of us who are in a sense independent—independent so far as party politics and political parties are concerned. I am informed there is no hope of adjourning the House, and continuing this debate over Friday, because of the inconvenience it would cause to the members from Quebec and some from Ontario, and the same reason holds good as regards Monday. Therefore the debate cannot continue until Tuesday and we must go on to-night. Well, I am going on to-night.

Some hon. MEMBERS: This is morning.

Mr. GARLAND (Bow River): True this is morning. I say this with regret but not with apologies.

It is quite clear to me, indeed abundantly clear, that the surplus of $30,400,000 claimed by the government does not exist. I have listened to the debate from both sides of the House on this matter and the only excuse, or explanation, I have heard from the government side has been "but they did it also," referring to the Conservative party. In the budget statement we find an allowance of only $23,781,000 for the deficit on the railways, whereas according to a return made to the House, I think secured by the ex-Minister of Finance (Sir Henry Drayton), the total deficit for the calendar year was $44,962,760. Now, if we make an allowance for a possible increase—as a matter of fact there really was an increase in operating revenues over the expenditure for the months of January, February and March—we can estimate—indeed I made an estimate some weeks ago and fairly accurately—that the total deficit for the fiscal year will have been in the neighbourhood of $41,500,000, or $18,719,000 greater than the amount allowed by the Acting Minister of Finance. This obviously reduces the surplus, and the actual reduction in the national debt will then be $11,700,000 of which $8,199,000 is admitted to be a payment on an amount due by the Imperial government. What had happened in this case apparently was that the government had paid out in net cash to the railways the amount of $23,781,000 allowed by the Acting Minister of Finance, but in addition they paid out the balance of the deficit of $41,500,000 odd from the loan of $50,000,000. Now, I regard that loan as just as much a part of the liabilities of this country as any other item of the national debt. The government, in my opinion, would be well advised to take into consideration the necessity for altering the present accounting methods so that when the annual statement is laid before the country the man in the street, the ordinary business man, could appreciate at a glance exactly what was the financial condition of the Dominion.

I now come to the tariff changes. These I do not intend to discuss in detail. I simply wish to refer to the extraordinary gloom that arose, surrounded, depressed and still rests upon hon. members to my right and the horrible picture which they painted of ruined cities, destroyed industries, and a destitute and impoverished Canada. Well, that picture gave me the creeps. After all who is hurt? Has anybody been hurt yet? May I suggest to my hon. friends to my right that they might have taken into consideration the solicitude with which hon. gentlemen opposite take care that the interests of the manufacturer shall not be hurt. First by a free entry of pig iron, bar iron, and bar steel; secondly by the reduction of 7½ per cent under all tariffs of materials which enter into the cost of those articles upon which the duty has been reduced in the budget; thirdly the drawback of 99 per cent on all materials and parts on hand which were imported prior to the date of reduction; fourthly exemption from the sales tax of materials to be used in the manufacture of agricultural implements, as well as of goods consumed in the process of manufacture. On April 30, we find additional advantages brought down. The duty is reduced, or entirely wiped out, on such other articles as enter into steel and iron production. We find free entry of wood handles or stems for shovels, and on a recent date still further advantages were given to manufacturers. All this to the end that those who advocate protection may be saved from its effects. But a further precaution was taken before the budget was even brought down, the precaution of removing the 5 per cent margin that existed between the fair market value of imported goods and the invoice price. It is true that regulation was suspended and then the suspension was suspended but I would call the attention of those who are enemies of protection and the friends of freer trade to the fact that the suspension is only a suspension—it is not a removal. If this situation is not definitely cleared by the words of the Acting Minister of Finance when he closes this debate I doubt very much whether I would be justified in supporting the budget.

A body we are told is to be appointed to investigate the matter of taxation and advise this government. If that body is to be in the nature of a permanent tariff commission I want to register my grave suspicion of it. As a result of the reliefs which I have mentioned it is fair to state that the reductions made in the duty on agricultural implements have been offset entirely, and I am satisfied that were agriculture in even a reasonable condition of prosperity not only would the profit making policy of the implement manufacturers not be damaged but it would be enhanced by the action of the government.

In this connection it may be interesting to again quote—I admit it has been quoted before, but it proves my point—the letter of the Massey-Harris people who make this very clear. It reads:

> The provisions of the budget which exempt farm implements from the sales tax are most welcome, and these, combined with the lowering of customs duties on raw materials announced in the government's amendments, now enable the manufacturer to make an immediate reduction in his prices. So far as the Massey-Harris Company is concerned (and no doubt this applies to other implement companies) there will be passed on to the farmer in the way of reduced prices the complete saving effected in the remission of the sales tax and the lessened duties on raw material.

I have a further extract if necessary in support of the position taken by the implement manufacturers. Colonel J. B. Maclean is no free trader. On the contrary he has been guilty of writing articles of the most extravagantly protectionist character; yet in the Montreal Herald of May 14, appeared the following:

> Col. J. B. Maclean, who as a publisher of trade papers naturally represents the views of manufacturers of this country, evidently sees no cause for the alarm of some of the Tory politicians at the Robb budget, for one of his journals, the Financial Post, says: "The old adage that 'an old tax is no tax' applies very aptly to the present tariff situation. There is little possibility that any of our industries will be wiped out or even seriously handicapped—statements by leaders in the steel, motor and implement industries are less disquieting as the facts are faced. Looking at the business situation throughout the country as a whole there seems to be little justification for the degree of pessimism which has existed in some sections during the past weeks."

So that the manufacturers are not hurt. Unfortunately, however, we find that the chief basic industry is still in a serious position. It is loaded down with a heavy accumulation of debt, and we are attempting to pay upon those debts interest rates at 8 per cent, 9 per cent and in many cases 10 per cent. At the same time a tremendous disparity exists between the prices we receive for the goods we produce, and the prices we pay for the manufactured goods which are necessary for the maintenance of the farm, the farmer and his family. The result obviously is either a seriously curtailed or wholly destroyed purchasing power. I could give this House many examples—if it were not so early in the day, of the methods the farmer is employing to meet the situation. He is doing without implements, he is borrowing them from his neighbour, or loaning them to his neighbour, or he is patching up the worn-out implements. I think the action of the government in this matter was not brought in any too soon, but was delayed too long. We find that organizations of farmers in Western Canada are now banding themselves together to pledge each other not to purchase any implements so long as prices continue high. I read the following extract from a report of a Farmers' meeting:

> PROTEST AGAINST MACHINERY PRICES
>
> Nakamun local recently passed a resolution protesting against the continued rise in price of agricultural machinery, and pledging their members to "desist from purchasing any more new implements, and that in the interests of economy, and with the spirit of mutual aid and co-operation, we make our present outfits serve our purposes, and agree to assist our neighbours wherever a lack of proper machinery is observed.

The inevitable result of that situation, the lack of purchasing power, and the revolt on the part of the farmers against prices has been a tremendous falling off in manufacturers' sales. The proof that this is so may be found on page 529 of the Canada Year Book. Now, Mr. Speaker, it is exceedingly difficult for a private member of this House, and an individual not entirely friendly to the manufacturing interests of this country, so far as protection is concerned—always friendly to them in every other respect—to secure accurate information from these men as to the amount of their sales in this country; so that I cannot produce definite figures with regard to actual sales of farm implements in Canada, but I think it is fair to take the figures given in the Canada Year Book for the imports of agricultural machinery as reflecting the purchasing power of the farmer as regards the not only foreign product but the home product also.

I find that in the year 1921 the total imports of agricultural machinery from all countries into Canada was $24,458,000 worth. In 1922 it had dropped to $7,718,000. In 1923 there is a slight increase, the amount being $8,423,000. However, it should be remembered that during that last year there was a rapid rise in the price of agricultural implements; so that the $8,000,000 purchased less machinery in 1923 than the $7,000,000 in 1922. That I think conclusively shows that the sales have been

reduced by two-thirds as compared with 1921, the reason being that the purchasing power of those who consume the goods was gone. But were the manufacturers on the other hand, piling up implements? Were they manufacturing? If we turn to page 525 of the Canada Year Book we will find that the iron ore importation had dropped between the years 1921 and 1923 from nearly 2,000,000 tons to just over 1,000,000 tons, or had been cut in half. Again we find that in pig, ingots, blooms and billets the value of imports was $4,638,987 in 1921, and $2,277,435 in 1923. In scrap iron or steel the amount in 1921 was $2,419,000 and in 1923 the amount was $242,632. Then there was $6,790,520 worth of castings and forgings in 1922, and $3,304,595 worth in 1923; and so the figures continue until we reach the total. The total imports of the raw product of the implement manufacturer for 1922 was $70,056,650, and in 1923 it was only $36,573,581. There had been more than a 50 per cent reduction in the activity of the agricultural implements industry. In short, we may assume that, even before the Robb budget was brought down, the implement manufacturing industry of Canada was in a half dying condition.

It must be clear that a reduction in the duty on agricultural implements can be reflected in the saving to the farmers in this country only if the reduction is passed back to the farmer in reduced prices, and if the farmer is able to purchase the implements. These are the two conditions, and these alone upon which the saving can be returned to the farmer. And so, Mr. Speaker having shown that the purchasing power is gone or practically so, then in spite of the enthusiasm with which the Minister of the Interior assured us of the benefits to agriculture of this budget—and I quote his words:

> That this budget has succeeded in extending the most clear cut and practical recognition of the needs of those immense new agricultural and commercial interests which have arisen in western Canada.

I must most regretfully express it as my opinion that, because of the lack of purchasing power, even should the saving be passed back to him, the amount would be so very small that the effect of this budget in remedying the condition in agriculture would be pitifully inadequate. I do not, however—let it be clearly understood—decry the timid step taken towards freer trade. I am glad that step was taken, but I do most earnestly point out that all the exaggerated claims of hon. members opposite cannot and will not be fulfilled while agriculture is in its present condition. The most urgent need of the moment is not a reduction of the duties on agricultural implements. That was one way in which to help slightly, but the most urgent need at the moment is some system of agricultural credits which will relieve the farmer of the great pyramid of debt which is now bearing down upon agriculture in this country, a system which would release our basic industry from at least a part of the huge interest charges that she is at this time attempting to carry.

Some hon. members think that the immense crop of Alberta this year has solved all our difficulties. May I give to the House the opinion of a banker in this connection? I asked him last winter what was the actual reflection of the crop on the financial position of the farmer. He answered that as regards current loans, they had been paid up, and that we were in that respect better off than in the previous year. I asked him then with regard to the pile of debt upon our shoulders, and that banker stated that at the most we had removed between 18 and 20 per cent of it. Let me remind hon. members that the crop of 1923 in my province was three times the size of the crop of the previous year and twice the size of any normal crop; yet it had the effect of removing only between 18 and 20 per cent of the debt on our shoulders and leaving 80 per cent carrying a rate of interest of from 8 to 10 per cent. No, the bulk of our debt is still there. Years of ceaseless and heartbreaking toil and bondage to the mortgage companies and the banks face us unless the government takes immediate action.

Let me turn for a moment to Saskatchewan. The premier of that province, Mr. Dunning, in his budget speech, called the attention of the people to the fact that the total proceeds from agricultural products of 1922 was $232,524,300, but in 1923 with, let me remind hon. gentlemen again, a much larger crop, the total proceeds were only $171,556,750, or a loss of $60,967,550 over this previous year's income. No province of the size of Saskatchewan with a population of 750,000 or so can afford to lose in one year nearly $61,000,000 worth of purchasing power and not have that lack reflected in loss to the eastern manufacturers. Does this show agriculture to be on the up grade? Is this what our professional optimists call "turning the corner," towards prosperity? Let us not forever try to fool ourselves and other people. Let me make this very clear: There is nothing wrong with this country. We have the most fertile soil probably in the world. We can raise in my province crops of a quantity and quality unequalled anywhere else in the world. I have never heard of their like. We have mineral resources beyond those of any other

province in this country. We have live stock that walk off with the Chicago awards year after year. We win your dairy prizes at the Chicago fair every year. We won first prize for wheat for the world this year. We won first prize for oats. The barley king of the world lives at Claresholm, Alberta. There is nothing wrong with the country. What is wrong is that I see my people there digging in year after year in a well nigh hopeless effort to overcome the handicaps placed upon their industry by the crass stupidity and greed of their fellow men. I have been called a pessimist for uttering truths that have never been successfully contradicted, for picturing conditions that must, in Canada's own interest, be remedied, for saying things that if whispered on the roaring front pages of a Montreal newspaper or ripped down the columns of a Toronto magazine, would be called courageous publicity, or if uttered by a lieutenant governor of a province, would be called "frankly facing the facts." Let me, however, tell hon. members that at every meeting at which I have spoken during the last recess—and I addressed forty-five of them—I made one appeal consistently, that my fellow farmers at that meeting should stay in this country and fight it out with us here; that nothing would be gained by leaving this country and going to the United States or anywhere else. We want to keep them here, but we want a policy that will keep them here. These men are encouraged to know that even though our efforts are largely nullified by the attitude of opposing interests, they at least have representatives who are pleading their cause without fear of party or of press, and who will not be silent while injustice still stands.

I intend to go on fighting for my people telling the truth about conditions in Canada and no mere name-slinging politician or journalist will intimidate me, nor cause me to slacken in that attack. I appeal to this government to recognize the condition of the West where high prices and high interest rates are destroying the people and driving them from us, and to recognize that they must do something more effective than merely tickling the tariff. They must tackle it and tackle it courageously. I intend to support the amendment because it represents the principles upon which I appealed to the electorate and upon which I was elected. The timid and ineffective nature of the tariff changes themselves do not inspire me nor fill me with expectation. Let it, however, be understood that so far as they have gone, they are, in my opinion, a step in the right direction.

[Mr. E. J. Garland.]

While I am on that question, may I refer for a moment to the very able and eloquent speech of the hon. member for Springfield (Mr. Hoey)? In referring to the amendment, he quoted the hon. member for Centre Winnipeg (Mr. Woodsworth) and congratulated him on having become a convert to tariff reform. He attributed the conversion to the fact that the hon. member sat beside the genial and always friendly hon. member for Brome (Mr. McMaster). He quoted from the speeches of the hon. member for Centre Winnipeg of 1923, words which would lead one to believe that the hon. member thought that the tariff was but of significant character and that tariff was but of insignificant character and that he had changed his stand thereon.

What the hon. member said—and I quote the words quoted by the hon. member for Springfield—was:

> I would, however, like to point out that in the opinion of the group which I represent the mere bringing about of a larger measure of free trade does not really touch the root of the trouble to-day.

Had the hon. member for Springfield only taken the trouble to look at the speech of the hon. member for Centre Winnipeg of this year he would have found the following two passages:

> Might I suggest that all which was in that article prophesied as likely to happen if protection were abolished has actually happened within the last few years. A good deal of it would have happened even under free trade. The fact is we must get down below either protection or free trade to some more fundamental policy if we would meet the needs of the present hour.

And again:

> My last point in the analysis of the situation which I made was the necessity of basing our foreign trade policy and international relations on a clear recognition that the world has become an economic unit in which the welfare of each nation is dependent upon the welfare of all others. I venture to say that the movements which are going on in south-eastern Europe to-day, the proposals which are being put forth by the Dawes commission, the possible change of government in France after the next election, are far more vital to the people of eastern Canada than are the proposed changes in our tariff.

And I most certainly agree with him. There is no difference whatever in the position taken by the hon. member for Centre Winnipeg in 1922, 1923 and 1924. The only difference so far as I can ascertain is in the position of the hon. member for Springfield, who supports a certain policy on the hustings and then comes into the House and refuses to vote for it. I have said that we need some long time credit system in order to help agriculture in this country. The report which Dr. Tory has just brought in urges that the movement for rural credits is a normal development arising out of modern scientific

agriculture. To-day in Europe the agriculturist can borrow money cheaper than anyone else in the community, while exactly the reverse is the condition in this country. In France he may borrow through the co-operative banking systems and the Credit Foncier at 4 per cent; in Denmark, through the system of co-operative banks, at 5 per cent; in Germany farm loans are obtainable at between 4 and 5 per cent; in England from 4½ to 6 per cent. The average rate of interest on farm loans in Europe is 5 per cent. In nearly every country in Europe facilities are now provided to meet in some way the demand for cheap mortgage credit and many of these systems are wholly or partly state-established.

Mr. ROBICHAUD: Does my hon. friend imply that conditions in Europe are better than they are in Canada?

Mr. GARLAND (Bow River): Not at all; I will come to that in a moment. In Australia the agriculturist can obtain loans at 5 per cent, in South Africa at 6 per cent and in New Zealand at 5 per cent. In New Zealand there is a system that allows the farmer to get a loan for 36½ years at 5 per cent, and in the United States the maximum rate on farm loans under some of their new systems is 6 per cent, although the rate of interest may be lower. In the United States there was also established a method of equalizing the rate of interest East and West, and I submit that something of that kind should be introduced in this country. I do not wish to quote at any considerable length, but some of the matters discussed in the report of Dr. Tory are of such vital importance to this country that the government, I think, should be considering them at this time. Dr. Tory states that the present system of short mortgage loans makes it difficult, by reason of high cost of equipment and the increasing value of land,—indeed makes it impossible—to redeem mortgages out of farm production, and further that the establishment of a long term amortisation plan for mortgages at a fixed low maximum rate of interest would materially strengthen the position of farmers in competition with Europe. In my opinion, whatever system is set up, it should have as one of its objects the placing ultimately of its administration in the hands of the borrowers and not in the hands of joint stock banks or private mortgage companies which are governed by considerations of profit rather than of service. Some organization for co-ordinating the credit of the farmer is required. It would make it liquid and more readily acceptable to those who have money to lend. And when we realize that 2 per cent under amortization will amortize a farm mortgage in twenty years it must be apparent that the reduction of 2 per cent would be equivalent in thirty-five years to the total capital mortgage debt. The estimated mortgage indebtedness of the farms of Alberta is $100,000,000 and a reduction of 2 per cent on that amount would represent a saving to the farmers of that province of at least $2,000,000 annually, which would be infinitely more than the budget reductions represent. I therefore urge on the government again the necessity for setting up, without delay, a long-term mortgage system for the purpose largely of funding the present indebtedness of the farmer and extending payments at a low maximum rate of interest, such a rate, as would permit the Canadian agriculturist to enter into fair competition with the farmers of European countries. I trust that action will not be delayed another year. We have had two years of investigation already, one inquiry having been held before the special committee on Agricultural Conditions last year, in which a very exhaustive examination was made of conditions generally. In addition to that we had the commission of Dr. Tory in the winter. Again, if further information is required, the government can secure it from the reports of the American commission that toured Europe; the evidence obtained by that commission is among the records in the Library and it relates to the credit systems of the world. No further delay in my opinion should be permitted, and indeed no excuse can be found for such delay.

Hon. members to my right, and occasionally some hon. gentlemen opposite, urge that the country should be self-contained, manufacturing all that is needed within its boundaries. I have often puzzled over this and have wondered what those gentlemen meant. Do they mean the exclusion of the goods of other countries? I have listened to their arguments but have never received any logical explanation. The last voice I heard proclaiming this doctrine was that of the delightful member, whom it is always a pleasure to hear, the representative of the constituency of St. Lawrence-St. George (Mr. Marler). He said:

> I claim that we should be a self-contained nation, manufacturing what we want instead of being dependent upon other countries for our needs.

It was, I confess, somewhat of a shock to me at the moment to hear such a doctrine propounded from the ranks of those who are supposed to be a tariff for revenue party. But let us examine the statement in order to ascertain whether the doctrine is possible even if it were good. There was a time in primi-

tive society when the economic issues were comparatively simple, when the producers were the farmers and the hunters. They produced or secured in some way what was required and they consumed it themselves. Later on came the leather maker, the tool maker and the weapon maker, and trading commenced. Even then, though the farmer of the valley traded with the herdsman on the hills and the weapon maker in the village, they lived practically isolated, neither caring nor concerned about conditions elsewhere in the world or how other people lived. Such isolation is no longer possible. The economic life even of the individual has swept out into ever-widening circles, beyond the valley, beyond the hills, beyond the oceans and beyond the continents, until to-day each individual life encircles economically the whole world. The industrial revolution with its labour-saving, space destroying, and immensely productive inventions brought about and cemented this condition. It brought to us the steamboat of 1807, the locomotive, the power press, the making of paper from wood, it brought the telegraph, the transatlantic cable, the wireless, the telephone, the radiophone. Thus we have to-day that condition which brings every individual in this world in as close touch with his fellow-men as were the people of neighbouring villages in past centuries.

Now, the effect of this industrialism and of these labour-saving inventions is to create an interdependence of nations, chiefly because nature has not located the raw materials necessary for an industrialized nation in equal quantities throughout the earth not as she has distributed sunshine and air. For example every nation under our present industrial system requires coal, iron, copper, oil and certainly wheat lands and meats. They are localized in their distribution. How localized they are perhaps the hon. member for St. Lawrence-St. George and other hon. members to my right have scarcely appreciated. We find for example, that Great Britain, in 1913, in 1921, in 1922, did not, and still does not produce petroleum; Germany produced 850,000 barrels in 1913, 274,000 in 1921, and 200,000 in 1922; France produced none for 1913, but did produce 392,000 barrels in 1921 and 494,000 in 1922; Russia produced 62,834,000 barrels in 1913, 29,150,000 in 1921, and 35,091,000 in 1922; Belgium did not produce any, neither did Spain; the United States, on the other hand, produced 248,446,000 barrels in 1913, 472,183,000 in 1921, and 551,197,000 in 1922; Canada produced 228,000 barrels in 1913, 190,000 in 1921, and 179,000 in 1922. But Canada imported in 1922 no less than 513,217,000 gallons of petroleum and petroleum products, and in 1922, 479,868,000.

Now, Mr. Speaker, it must be obvious to hon. gentlemen that no nation can survive in competition with other nations without at least crude petroleum. Yet we notice that it is scattered in such unequal quantities that trading is essential to secure it to all. In 1922 the United States produced five-eighths of the total of the world's petroleum output.

I have also the figures for iron ore production in metric tons for the same nations, also for coal and copper. I do not desire to delay the House or to weary members by quoting these figures in detail, so with the permission of the House I will hand them to Hansard.

Some hon. MEMBERS: Carried.

Mr. GARLAND (Bow River): The table is as follows:

	Iron Ore, Metric Tons		
	1913	1920	1921
Britain	16,263,950	12,912,065	3,533,950
Germany	28,607,900	6,361,600	
France	21,918,000	13,871,187	14,116,706
	Pig iron		
Russia	3,801,273	171,500	131,300
Belgium	.....	17,260	38,300
Spain	9,861,668	4,767,693	
United States	20% of world supply.	67,604,465	29,282,690
Canada	196,558	8,060	960

	Coal, Metric Tons			Copper, Metric Tons		
	1913	1920	1921	1913	1920	1921
Britain	292,047,544	233,000,000	165,800,000	2,108	82	138
Germany	277,000,000			886,000	576,200	
France	40,700,000	25,303,228	28,700,000	521	373	119
Russia	32,206,000	8,138,000	8,400,000	34,000	3,750	4,670
Belgium	22,841,590	22,388,770	21,750,410	.....	.....	.....
Spain	3,900,000	5,500,000	.....	2,268,691	.....	.....
United States	570,000,000	653,089,094	506,395,401	.....	.....	.....
Canada	13,622,070	15,088,000	13,660,162	34,926	37,014	21,600

These figures are all to be found in "Mining Industry" Vol. 31, Edition 1922.

It may interest hon. members to know that the greatest copper ore deposits are the Chuquicamata deposits in Chile. Now, I could put the information in another way. In 1913 the United States produced 36 per cent and consumed 37 per cent of the world's iron ore; Germany produced 20 per cent and consumed 27 per cent; Britain produced 9 per cent and consumed 14 per cent; France produced 12 per cent and consumed 7 per cent; Russia produced 5 per cent and consumed 5 per cent; Belgium produced none, and consumed 4 per cent; Spain produced 6 per cent and consumed 1 per cent. Only in France and Spain did production exceed consumption, and four of the other nations had to depend on other countries. Belgium in spite of her great industrial development imports all her iron ore. We find the same condition of affairs in regard to coal.

	Millions of Tons	
	Produced	Consumed
United States	517	495
Britain	292	217
Germany	191	167
France	40	60
Italy	1	10
Austria-Hungary	17	30

Canada to-day is dependent on other nations for coal. France, Italy, Austria-Hungary—since divided—are all dependent on outside coal supplies, especially Italy. Italy produced one million tons and consumed ten million. Modern manufacturing and transportation depends on these minerals and the fuels I have mentioned. Nations must and will depend therefor upon each other. The principal deposits of iron ore, copper and petroleum happen to be in the western hemisphere. And the world requires them. On the other hand, we require the products of the rest of the world, and must get them. Therefore trading is only natural. The United States has the largest iron supply in the world, France the second, Newfoundland the third, Cuba the fourth and Brazil the fifth. The world's interdependence is again reflected in the growth of world trade. World trade, in spite of trade barriers, increased from $4,049,000,000 in 1850 to no less than $75,311,000,000 in 1919. But the next year, the last for which I have the figures, shows a falling off of no less than $13,893,000,000. That I think is a fair reflex of the unsettled industrial condition of the world at the moment.

May I suggest to the hon. member for St. Lawrence-St. George that Great Britain relies largely for her wheat supply on the United States, Argentine, Australia and Canada? But strange to say she buys twice as much from the United States as she does from any other country except Canada. Belgium relies on the Argentine and the United States for the greater part of her wheat supplies. France relies almost entirely on Australia, the United States and the Argentine. It may be interesting to know that out of a total importation of 24,692,000 bushels of wheat France imported only 2,850,000 from Canada. Italy relies on the Argentine and the United States. Germany also relies on those sources of supply. In the case of Germany, out of 51,000,000 bushels imported in 1922, 26,000,000 bushels came from the United States. I hope I have dispelled from the mind of the hon. member for St. Lawrence-St. George the extraordinary idea that to-day any industrialized portion of the civilized globe can be self-supporting and independent. At the same time I trust I have shown that the interdependence of each nation is so vital that the absurdity of making trade difficult must be clear.

6 a.m.

The blocking of trade by artificial barriers is absurd, but the evil effects of this practice have been only too well demonstrated by the never-ending state of war in which the world has found itself. Think of the tens of millions of people who are at this moment co-operating throughout the entire world in the production of the necessities of life and in their transportation, or the attempt to distribute them, and think on the other hand of the effort that is being made by privi-

leged interests in every nation to block and check the transporting of supplies between nations. Each great nation in the world must provide itself with the essential raw materials, and so we find that each nation is busy securing, either by aggression or by financial invasion—it is called "investment," but is as far-reaching an evil in its influence as any invasion by force could be—the largest possible resources of raw material, and each of these nations in turn is then using trade barriers to prevent other nations securing their requirements on equitable terms—all except free trade Britain. I have no hesitation, then, in stating that one of the great world problems is the competitive struggle between national groups for trade, for markets, for resources, and with this problem of course, goes its partner, the excessive concentration of world wealth in a few centres and in the hands of a few individuals. Real peace is impossible under these circumstances. But preparation for war by increasing armaments is the negation of intelligence. This problem must be solved. The war has shown that war means world-war. It also has shown to those who think, that peace must be world peace and that prosperity will be world prosperity. We suffer here because Europe suffers, and to-day we must recognize that it is impossible to destroy the economic well-being of an integral part of the world without destroying the general prosperity of the whole world. In the Manchester Guardian some time ago I read words which I would like to read to the House in this connection, the words of Sir Charles W. Macara, chairman and managing director of Henry Bannerman & Sons Limited, chairman of the Cotton Employers' Association, and a man holding many other important positions in Great Britain:

> It is impossible for any country to expect to win economic success at the expense of or in total indifference to the success of others. . . . . the good of one country is bound up with the good of another, and it is only by studying what will be mutually advantageous that we shall find the key to our good fortune. The whole world is interdependent, and you cannot injure one member of the international body without injuring all the rest.

And here, let me remind the House of the thought of the hon. member for Brantford (Mr. Raymond), a man whom we always delight to hear, a man for whom I have a great personal regard, but who slipped from his usually high plane, and in the spirit of the king of old, who challenged God to a duel, rejected as will-o-the-wisps the ideals of free trade and peace, linking those who sought them with the seekers of perpetual motion and consigning them all to insanity. If it be sanity to call free trade and peace will-o-the-wisps and madness, if in seeking them we must wander from protection and war, then may our feet earnestly seek the path of that which is free and the "madness" of peace rather than the "sanity" of war.

It is of little use to argue disarmament. There is little value in holding peace parleys so far as actual results are concerned, but I agree that they have a great force as an educational factor, and I would encourage the holding of them as often and for as long a time as possible. Let them sit all the time; I would agree to them doing that. But the great hope is not in the holding of these peace parleys or in these arrangements for mock disarmaments. The great hope is in the ever-increasing number of young men and women who to-day are looking forward, hungry for the realization of those ideals that were portrayed so eloquently by Woodrow Wilson. To use his words: "Instead of exclusive combinations I want to see universal co-operation, "America"—let me substitute the word "Canada" for that; let us have America too—"Canada shall stand for the just conception and basis of peace, for the completion of merit and the generous rivalry of liberty." Again he says: "The essential principle of peace is the actual equality of nations in matters of rights and privileges."

I urge therefore that Canada do herself the enduring honour of taking a lead in international affairs now. Let her send out a call to all the nations of the world to come and hold an international trade conference having for its object the mutual elimination so far as may be possible of international trade barriers. I admit that we cannot hope to wipe out the effects of the dense stupidity of past centuries in a breath. It may take time; it will take patient courage; it will take great idealism; it will take a clear far-seeing vision to bring this to pass. And so, by all means, while striving for peace, while striving for this great ideal of international free trade, let us prepare for that war of which everyone is at the moment speaking. Let us prepare for it in the most effective, the most comprehensive manner, by the enactment of legislation for the conscription of wealth and industry as well as of manpower. Take the profit out of war—all the profit—and there will be less eagerness for it; there will be less talk about it; there will gradually come a clear realization that the true law of nature is co-operation, not war.

It is perhaps hardly necessary for me to remind hon. members that the great bulk of our national debt and the debts of the entire world to-day, the overwhelming debt running into hundreds of billions of dollars, is the re-

sult of war and continuous war, and yet are we so deadly stupid as to keep on fostering them, building them up, preparing for the next, and never making an honest attempt to wipe wars out? Our national debt at this moment —I am dealing only with Canada, a small country of nine millions of people—is given as $2,888,827,237. And when people talk of that they think they have spoken of all the debt. The man in the street, the woman in the house, the farmer on the farm, think that is our whole national debt, the debt we owe largely as a result of the war; but it is only a fraction of it. There is the debt that has been accumulating in the provinces through the war years, and due largely directly or indirectly to war condition. There is the debt of the municipalities. I have here the figures for 1922, showing a debt for the provinces of $629,705,771 and for the municipalities of $794,941,476, or a grand total of debt, excluding individual debts, traders' debts, and debts between wholesaler and retailer, store and individual of $4,313,474,484, or more than $500 per head of population, or a sum of $2,500 per family of five.

And during the six fiscal years of the war what were the conditions? I have a statement from the Bureau of Statistics which shows that during those years—1914-15 to 1919-20 inclusive—the total revenue receipts of the Dominion were $1,461,396,304, and the total disbursements were $3,145,576,179. The total collected from special war taxes in the same period was only $183,658,287, but this was swallowed up in interest on war debt and in pensions. The total disbursements on capital account for war and demobilization purposes during the same period was $1,670,406,242. This sum is exclusive of interest on war debt, current payments for war pensions, and so on. We should have paid our war debt out of the tremendous war profits as the war was fought. As it is, not only is industry in our own country staggering but industry throughout the entitre world is in the same desperate state, and most nations engaged in the war are insolvent. Another general conflict would most certainly ruin modern civilization. The Toronto Star in a recent article expressed the following opinion:

> The world is realizing that war and civilization cannot tolerate one another much longer. One or the other must go.

The soldier went over and got $1.10 a day, and the danger, but the farmer and the workman who stayed at home fared fairly well. The manufacturer and the capitalist who operated or owned a factory made fortunes. I am in favour of legislation providing that not only shall the young of our country be conscripted, but that labour and capital be drafted as well. When the nation is at war let no one profit by the nation's peril. No one should be permitted to gain more than a soldier in war time. Action in this should not be left for the hurried frenzy of emergency but should be taken now in the bitter realization of the effects of war. Let us whilst we still stand amidst the ghastly ruins of nations and of industry, whilst we have the cold facts of wrecked bodies and minds, the result of the insanity of war still around us, plan out methods of eliminating as far as possible the recurrence of this scourge. Let us leave it not to the younger generations which, being taught now the glories of war, will hear but the beating drums and the call to arms. Let our bitter experience be our guide whilst it is still strongly present. Canada sent overseas between 400,000 and 500,000 men. Sixty-three thousand of them are dead in France, one hundred and fifty thousand of them are wounded, and we had an amputation display in Ottawa not long ago that ought to thrill men's hearts to a realization of what war means. In the United States five million men went into uniform for the war. Between sixty thousand and seventy-seven thousand lie buried in France, and two hundred thousand were wounded. And yet, according to an article by Mr. Marquis James, 6,664 American citizens became war millionaires, and more than ten thousand American citizens amassed fortunes from profiteering in war necessities. Doubtless we have like examples in this country. Mr. James further states that out of 27,000 contracts totalling 6 billion dollars there was not one single cancellation clause. In this country the evil system of "cost plus" contracts added enormously to our debts. Let us, Mr. Speaker, have equal rights for all. If man be conscripted then on exactly equal terms let industry and finance bear its share. Let there be equal service for all, and special profits for none.

At present in the United States Congress, amongst the people, and indeed all over the world there is a movement in this direction. Let Canada give her impetus to the movement. May I quote here the draft of a resolution which is only one of several attempts that are now being made in the United States to achieve this purpose. It is the draft of a resolution introduced in the United States Congress by Royal C. Johnson, ranking veteran of the United States Congress. It reads:

> That in the event of a declaration of war by the United States against any foreign government or other common enemy, the Congress shall provide for the conscription of every citizen and all money, industries and property of whatever nature necessary to

the prosecution thereof, and shall limit the profits for the use of such moneys, industries and properties.

The whole case for the universal draft as we may call it is well summed up by Colonel Wainwright, who retired as Assistant Secretary of War of the United States in order to take his seat in congress. He has this to say, and I recommend his words to the jingoes and militarists in this country.

Wealth should be controlled and called into service as well as man-power. I am convinced that a way must and can be found to approach that ideal where, if we cannot avoid war, we can accept the whole-hearted support of the great majority and compel a few industrial bandits to abandon hope of gain while the struggle is on. Those who labour in factory and field to produce the things essential to the nation in war must be convinced that no inordinate profits shall result from their labour. They must find also that as the war progresses those who sell food, shelter and clothing do not profiteer.

Let us act, then, Mr. Speaker, before we:

—have forgotten ancient martial musics,
That summoned youth to blunted, faceless years,
Galloping drums, proud horns, and sounding bugles
Drowning the guns, trench-smells, before-dawn fears;—

Before we:

—have forgotten in this tree-filled valley,
Loud with the rush of wind like surf on shore,
How it grows fat, feeding on our oblivion:
The dumb and hungry cancer men call war.

Miss AGNES C. MACPHAIL (Southeast Grey): Mr. Speaker, I put human values too high to impose on this weary house the thirty-five minute speech which I had carefully prepared, and I trust that when numbers of women come to take their seats in this chamber such nights as this will be unknown. I want simply to make my position clear on the vote that is about to be taken. It is not for the Liberal party, or for the Liberal government, or the present budget, that I am thankful, but for the independent political thinking and voting of such sections of Canadian people as are reflected by the new groups of this House, groups whose presence here and actions since coming, account for the departure by the Liberal party from a fiscal policy essentially one of protection. I am convinced that more aggressive action by us would have brought a budget more nearly approaching that called for by the Woodsworth amendment. I will support the Woodsworth amendment because I believe in the principles laid down in it, because it is part of the platform on which I was elected, and because it is part of the memorandum, at present in my hand, that was drafted by the Canadian Council of Agriculture and presented to the government no later than April 2, eight days before the budget came down. It is the goal to which we are working, and working the government ahead of us as we go. I welcome once more the presentation of this amendment, substantially the same as that presented last year, to the government for their careful consideration. I am not going to depart from the supporting of principles which I believe on technical grounds.

The House divided on the amendment (Mr. Woodsworth) which was negatived on the following division:

YEAS.

Messrs.

Bancroft,	Irvine,
Campbell,	Kennedy (Edmonton),
Coote,	Lewis,
Elliott (Dundas),	Macphail,
Gardiner,	Shaw,
Garland (Bow River),	Spencer,
Good,	Ward,
Gould,	Woodsworth.—16.

NAYS.

Messrs.

Anderson,	Doucet,
Archambault,	Drayton (Sir Henry),
Arthurs,	Drummond,
Baldwin,	Duff,
Baxter,	Duncan,
Beaubien,	Elliott (Waterloo),
Béland,	Ethier,
Benoit,	Euler,
Binette,	Fafard,
Bird,	Fansher,
Black (Halifax),	Findlay,
Black (Huron),	Finn,
Black (Yukon),	Fontaine,
Boivin,	Forke,
Bouchard,	Forrester,
Boucher,	Fortier,
Bourassa,	Garland (Carleton),
Bowen,	Gauvreau,
Boys,	Gendron,
Brethen,	German,
Brown,	Gervais,
Cahill,	Gordon,
Caldwell,	Graham,
Cannon,	Grimmer,
Cardin,	Guthrie,
Carmichael,	Halbert,
Carroll,	Hammell,
Carruthers,	Hanson,
Casgrain,	Harris,
Chaplin,	Hatfield,
Charters,	Healy,
Chevrier,	Hocken,
Chisholm,	Hodgins,
Church,	Hoey,
Clark,	Hopkins,
Clifford,	Hubbs,
Copp,	Hudson,
Crerar,	Hughes,
d'Anjou,	Humphrey,
Davies,	Hunt,
Déchêne,	Jelliff,
Delisle,	Johnston,
Denis (St. Denis),	Jones,
Desaulniers,	Kelly,
Descoteaux,	Kellner,
Deslauriers,	Kennedy (Glengarry & Stormont),
Desrochers,	
Dickie,	

Kennedy (Port Arthur & Kenora),
King (Huron),
King (Kootenay),
King, Mackenzie (York),
Knox,
Kyte,
Ladner,
Laflamme,
Lanctôt,
Lapierre,
Lapointe,
Lavigueur,
Leader,
LeSueur,
Logan,
Lovett,
Lovie,
Low,
Lucas,
Macdonald (Pictou),
MacKelvie,
Mackinnon,
MacLaren,
MacLean (Prince, P.E.I.),
Maclean (York),
McBride,
McConica,
McCrea,
McDonald (Timiskaming),
McGiverin,
McIsaac,
McKay,
McKillop,
McMaster,
McMurray,
McQuarrie,
McTaggart,
Malcolm,
Manion,
Marcile (Bagot),
Marler,
Martell,
Maybee,
Meighen,
Mercier,
Michaud,
Millar,
Milne,
Morin,
Morrison,
Morrissy,
Motherwell,
Munro,
Murdock,
Neill,
Ouimet,
Papineau,
Parent,
Pelletier,
Porter,
Power,
Preston,
Prevost,
Pritchard,
Putnam,
Rankin,
Raymond,
Reed,
Rhéaume,
Rinfret,
Robb,
Roberge,
Robichaud,
Robinson,
Robitaille,
Ross (Kingston),
Ross (Simcoe),
Ryckman,
St. Père,
Sales,
Savard,
Séguin,
Senn,
Sexsmith,
Sheard,
Simpson,
Sinclair (Oxford),
Sinclair (Queens, P.E.I.),
Speakman,
Spence,
Stansell,
Steedsman,
Stevens,
Stewart (Argenteuil),
Stewart (Hamilton),
Stewart (Humboldt),
Stewart (Leeds),
Stork,
Sutherland,
Thompson,
Thurston,
Tobin,
Tolmie,
Vien,
Wallace,
Walsh,
Warner,
White,
Wilson,
Woods.—204.

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

YEAS.

Messrs.

Archambault,
Baldwin,
Bancroft,
Beaubien,
Béland,
Benoit,
Binette,
Bird,
Black (Huron),
Boivin,
Bouchard,
Boucher,
Bourassa,
Brethen,
Brown,
Cahill,
Caldwell,
Campbell,
Cannon,
Cardin,
Carmichael,
Carroll,
Carruthers,
Casgrain,
Chevrier,
Chisholm,
Clifford,
Coote,
Copp,
Crerar,
d'Anjou,
Davies,
Déchène,
Delisle,
Denis (Joliette),
Denis (St. Denis),
Desaulniers,
Descoteaux,
Deslauriers,
Desrochers,
Drummond,
Duff,
Eliott (Dundas),
Ethier,
Fafard,
Fansher,
Findlay,
Finn,
Fontaine,
Forke,
Forrester,
Fortier,
Gardiner,
Garland (Bow River),
Gauvreau,
Gendron,
German,
Gervais,
Good,
Gordon,
Gould,
Graham,
Halbert,
Hammell,
Hatfield,
Healy,
Hodgins,
Hoey,
Hopkins,
Hudson,
Hughes,
Humphrey,
Hunt,
Irvine,
Jelliff,
Johnston,
Kelly,
Kellner,
Kennedy (Edmonton),
Kennedy (Glengarry & Stormont),
Kennedy (Port Arthur & Kenora),
King (Huron),
King (Kootenay),
King, Mackenzie (York),
Knox,
Kyte,
Laflamme,
Lanctôt,
Lapierre,
Lapointe,
Lavigueur,
Leader,
Lewis,
Logan,
Lovett,
Lovie,
Low,
Lucas,
Macdonald (Pictou),
Mackinnon,
MacLean (Prince, P.E.I.),
Macphail,
McBride,
McConica,
McDonald (Timiskaming),
McGiverin,
McIsaac,
McKay,
McMaster,
McMurray,
McTaggart,
Malcolm,
Marcile (Bagot),
Martell,
Mercier,
Michaud,
Millar,
Milne,
Morin,
Morrison,
Morrissy,
Motherwell,
Munro,
Murdock,
Neil,
Ouimet,
Papineau,
Parent,
Pelletier,
Prevost,
Pritchard,
Putnam,
Rankin,
Reed,
Rhéaume,
Rinfret,
Robb,
Roberge,
Robichaud,
Robinson,
Robitaille,
Ross (Simcoe),
St. Père,
Sales,
Savard,
Séguin,
Sexsmith,
Shaw,
Sinclair (Oxford),
Sinclair (Queens, P.E.I.),
Speakman,
Spencer,
Steedsman,
Stewart (Argenteuil),
Stewart (Humboldt),
Stork,
Thurston,
Tobin,
Vien,
Wallace,
Walsh,
Ward,
Warner,
Woods,
Woodsworth.—165.

NAYS.

Messrs.

Anderson,	MacKelvie,
Arthurs,	MacLaren,
Baxter,	Maclean (York),
Black (Halifax),	McCrea,
Black (Yukon),	McKillop,
Bowen,	McQuarrie,
Boys,	Manion,
Chaplin,	Marler,
Charters,	Maybee,
Church,	Meighen,
Clark,	Porter,
Dickie,	Preston,
Doucet,	Raymond,
Drayton (Sir Henry),	Ross (Kingston),
Duncan,	Ryckman,
Eliott (Waterloo),	Senn,
Euler,	Sheard,
Garland (Carleton),	Simpson,
Grimmer,	Spence,
Guthrie,	Stansell,
Hanson,	Stevens,
Harris,	Stewart (Hamilton),
Hocken,	Stewart (Leeds),
Hubbs,	Thompson,
Jones,	Tolmie,
Ladner,	White.—53.
LeSueur,	

PAIRS

(The list of pairs is furnished by the Chief Whips):

Messrs.

Murphy,	Simpson,
Power,	Mewburn,
Kay,	Wilson,
Fielding,	Bristol,
Evans,	Sutherland,

Mr. SUTHERLAND: I was paired with the hon. member for Saskatoon (Mr. Evans). Had I voted, I would have voted against the motion.

Mr. WILSON: I was paired with the hon. member for Missisquoi (Mr. Kay). Had I voted I would have voted against the motion.

Mr. POWER: I was paired with the hon. member for Hamilton (Mr. Mewburn). Had I voted I would have voted in favour of the motion.

The House went into committee of Ways and Means, Mr. Gordon in the chair.

Progress reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Before asking what business is to be taken up at the next sitting, may I suggest to the Prime Minister that it might be expedient as well as convenient to meet at eight o'clock to-day instead of at three o'clock.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have no objection, Mr. Speaker, but I should think we might get along more quickly with the work if we met in the afternoon, took up estimates, and proceeded with some of the branch line bills in the evening. I imagine those who would be primarily interested in the Department of Agriculture estimates might be willing to be here this afternoon. I think we should be making as much progress as possible with the business.

Mr. MEIGHEN: I do not know that those who are interested in agriculture have any more enduring power than the rest of us. I do not know what advantage there is in meeting at three o'clock to-day.

Mr. BELAND: Make it four o'clock.

Mr. MEIGHEN: I am only one member of the House, and I do not pretend to be speaking for any great number, but I am sure it is the general will of hon. members that we should not meet till eight.

Mr. MACKENZIE KING: We might meet at four o'clock.

Mr. MEIGHEN: There would have to be a motion to meet at four before the motion to adjourn. I suppose we will follow the order of business suggested by the Prime Minister,—estimates in the afternoon?

Mr. MACKENZIE KING: Yes.

Mr. MEIGHEN: And branch lines to-night?

Mr. MACKENZIE KING: Yes. I move, Mr. Speaker that the House meet to-day at four o'clock.

Motion agreed to.

On motion of Mr. Mackenzie King, the House adjourned at 7.35 a.m. (Friday)

Friday, May 16, 1924

The House met at four o'clock.

WEDNESDAY SITTINGS

GOVERNMENT BUSINESS TO HAVE PRECEDENCE

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

That on Wednesday, the 21st of May instant, and subsequent Wednesdays to the end of the session, government notices of motion and government orders shall have precedence over all business except questions by members and notices of motions for the production of papers.

Mr. HARRY LEADER (Portage la Prairie): I beg humbly to protest against this resolution. It will have the effect of taking away private members' day thereby preventing hon. members from bringing resolutions before the House. I know the Prime Minister will say that we have all had opportunity to present our resolutions. That is true. In regard to the resolution that stands on the order paper in my name, I may say that I had three opportunities to bring it forward: one on a Monday night at a quarter to eleven; another on a Thursday night at a quarter to ten; and I think another on a Wednesday night at twenty minutes to six. But had I gone on with my resolution on any of those occasions I should perhaps only have had the opportunity of speaking myself; then the debate would have been adjourned and the motion would not have been voted upon. Now, this happened last year and I did not intend that the same thing should occur this year. I thought I had my resolution in in lots of time, but evidently there was so much other work ahead that it was not reached. However, I should like to take this opportunity of protesting against taking Wednesday as proposed. I might mention that a number of hon. gentlemen when speaking during the budget debate referred to the fact that if we desired to practise economy we should start here and set an example to the country by agreeing to a reduction in our sessional indemnity.

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

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker I also wish to protest not so much perhaps at the actual motion as at the situation which results from the practice of late years of filling up the order paper with motions. sometimes before the House meets at all. For instance when we came down here first this session there were already three or four pages of notices of motion. Some of them were—I do not think I would be over harsh in saying this—of an absolutely unnecessary kind, resolutions of an abstract character—one for example dealing with what Britain should do about the Ruhr. What on earth have we here got to do with the Ruhr? I should like to know what practical end can be achieved by discussing abstract questions of that sort. There are many more such resolutions; I could point out a dozen that are equally useless as far as the actual operation of lawmaking here is concerned. What I wanted to say is this: These motions are put on the order paper and frequently not taken up when called. As the Prime Minister said on a previous occasion some of them have been called six times and still they maintain their place on the order paper. Two resolutions stand on the order paper in my name. They are unimportant, I will admit. One was the notice of a bill, and the other was the notice of a resolution that I wanted to discuss. Both however would be of some practical advantage—at least I should hope so—as regards the interests of Canada. I put these resolutions on the order paper within a month after the House met, but of course there were a great number of motions ahead of them. They never were called except on one occasion when a number of the members were going to Halifax. I stayed away from that trip on purpose because I thought my motion would come up. As you are aware, Mr. Speaker. it came up on the occasion in question at three minutes to six and by speaking to the motion I obtained the placing of it on the order paper amongst public bills and orders instead of it remaining amongst motions. Now, private members' day has been taken from us and the resolution will not come up again. If I am not very much mistaken there have been fewer days devoted to the motions of private members this session than in any other session for a long number of years past—at least for some ten or twelve years. I quite admit that a remedy is needed but I do not think it is the remedy such as suggested by the motion before the House. What I would suggest is this: That the House or the government should consider amending the rules in the following manner: First, that when these motions are called and not gone on with, unless in case of the sickness of the hon. member in whose name they stand, they shall be dropped and have to be placed at the bottom of the order paper again. That would give hon. members who have something that they really desire to bring before the House a chance to be heard. The second amendment I would suggest is, instead of going along two or three months, and then arbitrarily saying, "We cannot have any more private members' days," that after an agreed on date—say a couple of months after the opening of the House—no more new motions would be accepted; so that no one could put any fresh notice on the order paper, but that members who had notices then on the order paper which had not been called should be given an opportunity to be heard. So far as I am concerned, I am quite willing to forego the opportunity of talking on the matter I am interested in, in order to choke off a lot of these vague abstract resolutions that are before us. But some day, when the government or the opposition, as the case might

be, are desperately in need of an opportunity to move some particular motion, it could be easily blocked by the opposition or the government putting a lot of abstract motions on the order paper, and then when they were forced to, taking up one order or the other until the time lapsed. But any bona fide motion put on the order paper within two months—or one month, if you like—of the opening of the House would be heard. The other sugestion of dropping those motions that were not called would facilitate, and perhaps put an end to what I really think is an abuse of the original intention of the rules.

Mr. W. C. GOOD (Brant): When the matter of taking Mondays came up some weeks ago I made a protest against the motion which the Prime Minister (Mr. Mackenzie King) brought in. However, my protest was unavailing. I have taken the trouble to look into the record of this House for the last thirty years in respect to private members' day, and I must say that the information which I secured in that investigation certainly is not creditable to the present government, or the present parliament, or the present procedure. I am not going to weary the House by giving them the details at the present time, I am simply going to say that in the old days there was practically always plenty of time taken to reasonably clear the order paper of these private members' resolutions. Twenty years ago Thursdays were taken first, Wednesdays were taken next, and Monday was left a complete day when a vote might be had—Monday was left until the last. This year, for the first time, the procedure has been reversed and Monday has been taken first, and that is the only day when a vote can be secured. I may say the record of this House is indeed worse than the hon. member for Comox-Alberni (Mr. Neill) has intimated. So far as Mondays, which are the only days that really concern us, are concerned, we have had nineteen days between the time that the debate on the Address was concluded, and the date that Monday was taken, and there were twenty-nine private members' motions left on the order paper unconsidered. Since the time I made this record I think there has been an addition of several to the list. No other year in the last thirty approaches anywhere near that record. There were one or two years during the war when there were not very many resolutions on the orders, and when—probably for special reasons—the number of days allowed for private members was smaller than it was, say about three or four years ago. This matter is not concluded; it will come up again; and I want to protest that the rules of the House in this respect ought to be amended. I am not prepared to endorse the suggestions already made by the hon. member for Comox-Alberni (Mr. Neill), but I do think this is a matter of great importance, because, as I said before, private members are figuring and will figure in the future more prominently in the business of the House than under the two party system, and we must have some extension or rearrangement. I was going to suggest, without debating the matter at any great length—I do not want to go into any further argument—that we ought to have a full day, say Monday, for practically the entire session, and let the government have Wednesdays, when they can take up estimates, or something of that nature without any trouble at all. They are now of practically no use for private members' resolutions, as they can be talked out. The government and the members know this, and why do they not look at it in a sensible way, and give some consideration to private members? I am not going to do anything further at the present time, but I want to warn the government that they have not heard the last of the matter.

Motion agreed to.

EMPLOYMENT OF CHILDREN AT SEA

Hon. JAMES MURDOCK (Minister of Labour) moved that the House go into Committee of the Whole on Monday next to consider the following proposed resolution:

That it is expedient to bring in a measure to confirm a certain Convention relating to the employment of children at sea, adopted at Genoa on the 9th day of July, 1920, by a general Conference of the International Labour Organization of the League of Nations; and to provide that no child under the age of fourteen years shall be employed on any ship except as permitted under such convention; that a list of persons under sixteen years of age so employed, or a register thereof, shall be kept; that penalties be imposed for violation of the proposed legislation; and that the Act shall not apply where all the crew are members of the same family, or the child was lawfully employed at the commencement 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.

CANADIAN NATIONAL RAILWAYS GUARANTEE ACT

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into Committee of the Whole on Monday next to consider the following proposed resolution:

That it is expedient to amend the Canadian National Railways Guarantee Act, 1923, chapter 37, by repealing subsection four thereof and providing,—

1. That nothing contained in the said act shall be taken to authorize the guarantee of any securities the issue of which has not been authorized by the said act or some other act of parliament, and

2. That where parliament has authorized expenditures on equipment to the extent of twenty-five per cent of the cost of such equipment, the company may make or cause to be made one or more equipment issues for the remaining seventy-five per cent of such cost.

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.

MOUNTED POLICE ACT AMENDMENT

Hon. H. S. BELAND (Minister of Soldiers' Civil Re-establishment) (for the Minister of Justice), moved that the House go into Committee of the Whole on Monday next to consider the following proposed resolution:

That it is expedient to amend the Royal Canadian Mounted Police Act by providing,—

1. That the Governor in Council may by regulation determine the pay and allowances to be received by the Commissioner and other members of the Royal Canadian Mounted Police Force.

2. That the time served by officers in the Dominion Police Force may be included in the term of service for pension purposes, and this provision shall apply as from the first day of February, 1920.

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.

CRIMINAL CODE AMENDMENT—HALF-BREED SCRIP

On the Orders of the Day:

Mr. D. M. KENNEDY (West Edmonton): Will an opportunity be given at an early date for the third reading of Bill No. 5, to amend the Criminal Code?

Right Hon. W. L. MACKENZIE KING (Prime Minister): In the absence of the Minister of Justice (Mr. Lapointe), I would not like to reply to the question, but I will bring it to the attention of the minister.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I may say that I brought this matter to the attention of the minister some days ago and he stated that an opportunity would be given.

Mr. MACKENZIE KING: That is correct.

Mr. MEIGHEN: I do not see why we could not pass the third reading now and be done with it. It would take only three minutes to do so.

Mr. MACKENZIE KING: I would not have any objection, but probably the Minister of Justice should be here when the matter is dealt with.

DIVORCE

EQUALITY OF GROUNDS FOR RELIEF AS BETWEEN THE SEXES

On the Orders of the Day:

Mr. JOS. T. SHAW (West Calgary): Might I direct the attention of the Prime Minister at this stage to an item appearing under Public Bills and Orders referring to the second reading of Bill No. 24, respecting divorce. The Prime Minister will undoubtedly recall the undertaking of the government in connection with this matter, and I simply want to suggest to him that I would be prepared to take it up at any time convenient to the government.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think there is an agreement with the hon. member that an opportunity will be given, and we shall try to arrange for it at an early date.

RESIGNATION OF MR. WALTER G. MITCHELL

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): It is stated in the press to-day that the recent hon. member for St. Antoine, Mr. Mitchell, who has resigned, has given the Prime Minister his reasons for his resignation from this House. Is the Prime Minister prepared to give those reasons to the House to-day?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I saw a message to the press from Mr. Mitchell, in which he mentioned that the communication that he had sent to me was a private one, and I think it probably should be for him to make his own explanation. I do not know that I am expected to.

Mr. MEIGHEN: Did the Prime Minister say that according to the press despatch, Mr. Mitchell said that the communication to the Prime Minister was private?

Mr. MACKENZIE KING: I saw a communication to a member of the press from Mr. Mitchell, from New York, in which communication he said that he had given his reasons to me in a private letter. The mention of the letter as being private causes me at this moment to say that it is for Mr. Mitchell himself to make known its contents to the public should he so desire.

SUPPLY

DEPARTMENT OF AGRICULTURE

The House in Committee of Supply, Mr. Marcil (Bonaventure) in the chair:

Agriculture—health of animals (administration and enforcement of Animal Contagious Diseases Act and Meat and Canned Foods Act), $2,000,000.

Mr. TOLMIE: Will the minister kindly give to the committee some particulars with regard to the dismissal of the late Veterinary Director General?

Hon. W. R. MOTHERWELL (Minister of Agriculture): The story is a fairly long one and I do not want to make it any longer than I can help, but that depends upon how much information my hon. friend requires. The recent Veterinary Director General placed upon file with my department correspondence that he had with an appointee at Washington holding the same position there as he did here, complaining of the Veterinary department in connection with the administration of this particular appropriation being administered politically. I can read the parts of the letter that I have reference to, if the committee so desires; but it is of such an extraordinary nature from my standpoint that I asked Dr. Torrance for an explanation of it, why he sent to an officer holding a similar position to his in Washington a letter of this nature and also where the political interference was on the part of myself or the government in the administration of the department, especially in connection with the embargo on our cattle going to Great Britain and the quarantine provisions in relation thereto. He stated that the interference complained of referred, not to the Canadian government, but to the British government. That seemed so absurd that it was no excuse, so I told him I thought the time had arrived when we should dissolve partnership. We discussed the matter in a business way and he thought he would retire under the provisions of the Calder Act. This was quite agreeable to me. I am willing to read the letter to the committee or to place it on file.

Mr. MEIGHEN: When the minister suggested the dissolution, did he suggest that he himself be the party to leave instead of the official?

Mr. MOTHERWELL: I had no idea of that and I have no idea yet. Dr. Torrance has a position in another part of this province.

Mr. MEIGHEN: Does the minister suggest that he could not get one?

Mr. MOTHERWELL: No. I am very glad that he did get one.

[Mr. Motherwell.]

Mr. MEIGHEN: Any suggestion that the minister himself could not get a position, so that that was the better way out of the matter?

Mr. MOTHERWELL: No. If my hon. friend wants a scrap, I am ready for him. We have done a good day's work already, and if he wants to start right now, I am willing to start. I am not particular whether I get this vote through to-day or not, if that is the humour my right hon. friend is in. I am trying to give the limited amount of information out of consideration of Dr. Torrance. We got on very nicely together; but a document of this nature, even though it is a private document, placed upon file in the office of a foreign government, could not be tolerated. That is all there is to the matter.

Mr. TOLMIE: Was the letter a personal communication to the chief of the Bureau at Washington?

Mr. MOTHERWELL: Yes.

Mr TOLMIE: Will the minister read it?

Mr. MOTHERWELL: It was a personal letter written by Dr. Torrance to Dr. Mohler, but the whole staff was aware of the fact that it had been sent.

Mr. CRERAR: How did the minister get possession of it?

Mr. MOTHERWELL: It was sent to my office by Dr. Torrance.

Mr. CALDWELL: Had a copy been kept of it?

Mr. MOTHERWELL: It was sent to my office, that is all I know.

Mr. CRERAR: Then I take it that the letter would be in the nature of a public communication.

Mr. MOTHERWELL: Well, so far as Dr. Mohler was concerned it was private; it was marked "confidential."

Sir HENRY DRAYTON: But who gave this confidential communication to the minister?

Mr. MOTHERWELL: Dr. Torrance.

Sir HENRY DRAYTON: Did the minister ask Dr. Torrance for it?

Mr. MOTHERWELL: No.

Mr. MEIGHEN: I should think it would be a pretty good letter. Perhaps the minister would have no objection to reading it.

Mr. MOTHERWELL: Dr. Torrance showed it to me after he had sent it.

Mr. MANION: What is the nature of the letter?

Mr. MOTHERWELL: I think I had better read the whole of it. As I have said, it is marked confidential and is dated October 28, 1922. It reads:

Dr. J. R. MOHLER,
Chief, Bureau of Animal Industry,
Washington, D.C.

Dear Mr. MOHLER:

You are no doubt familiar with the fact that the negotiations for the removal of the British embargo against Canadian cattle have reached the point where a discussion of details is taking place. The Canadian delegates in England are discussing these questions with the British government and information has reached me that it is quite probable we may be asked to modify the Canadian Quarantine Regulations as regards imports of cattle from Great Britain.

You might have noticed that when the Canadian case was being argued before the British Commission it was suggested that if Great Britain removed the embargo against Canadian cattle and allowed them to enter Great Britain freely, that Canada should reciprocate by permitting British cattle to enter Canada under similar conditions. Dr. Tolmie, who was representing Canada at that time, stated that if health conditions in Great Britain, with regard to live stock, were as satisfactory as they are in Canada, such a proposition might meet with favourable consideration, but that he did not consider the cases were parallel, and pointed out the frequent outbreaks of foot and mouth disease from which Great Britain had suffered in recent years.

It is quite possible, however, that a suggestion may be made that we should modify our quarantine so as to reduce the time of detention, and it is with regard to this possible demand that I would like to have confidentially your opinion as it affects the relations between the Bureau and the Health of Animals Branch. We have always felt that we were under agreement not to alter our quarantine regulations without previously notifying you of our intention, and we have received from you the same consideration.

I am strongly of the opinion that quarantine regulations should be based upon scientific knowledge of the diseases against which we desire protection, of the conditions surrounding the traffic in animals, the freedom from disease of the country from which the cattle are exported, and the time occupied in ocean travel. If political considerations are to be introduced into the consideration of the question of quarantine it places the scientific advisers of the respective governments in a very anomalous position, and I feel that where we have to undertake the responsibility of carrying out any regulations that are made we should also have a decided influence in the planning of these regulations.

Should political pressure force me to accept a shortened period of quarantine for imports from the British Isles I have been wondering what would be the attitude of your Bureau in regard to the matter. I have, therefore, thought it well to consult you privately before the matter has reached a decision, and I would appreciate anything you may say and treat it as confidential if you desire me to do so. You may, therefore, feel quite at liberty to tell me frankly what your opinion of the situation is, and what you think would be the result upon our mutual relations regarding the traffic in cattle across our border should any such action as that suggested be taken.

With kind regards, and thanking you in anticipation of your prompt reply, I am,

Yours sincerely,

F. TORRANCE.

This letter will probably appear unintelligible to the committee unless hon. members know certain facts. Dr. Torrance, naturally enough, wanted to be one of the delegates who should go overseas. Two gentlemen went over, Dr. Grisdale and Mr. Duncan Marshall, and they were accompanied by two ministers. They went for the purposes of conference and I considered that such a representation of the department was ample. Dr. Torrance made it known quite candidly to me that he thought he should be one of those to go overseas and apparently—I suppose quite naturally—he was disappointed at not having been permitted to go. I explained to him that in my opinion two delegates in addition to the two ministers were quite sufficient for the purposes we had in mind. I drew his attention to the following paragraph in the letter as well as to the two preceding it:

Should political pressure force me to accept a shortened period of quarantine for imports from the British Isles I have been wondering what would be the attitude of your Bureau in regard to the matter.

I asked Dr. Torrance to explain to what this paragraph had reference and he said that it related to political interference on the part of the British government. I replied that this was nonsense inasmuch as we had never heard for many years of any such interference. I was not aware of anything of the kind nor did anyone else know anything about it and I intimated that in my judgment there was no justification for the writing of such a document.

Mr. TOLMIE: Will the minister read the reply to that letter?

Mr. MOTHERWELL: The reply is not on the file but the substance of it was that the desire was to carry out the old arrangements with regard to quarantine.

Mr. CHAPLIN: The minister says that this letter was written on October 28, 1922. It seems to me that it took rather a long time for the gentleman to hand it over to him. How does it come that so long a time elapsed before the minister got hold of the letter?

Mr. MOTHERWELL: Before taking action I was anxious to see whether this was typical of the manner in which Dr. Torrance had administered the department or whether it was merely an isolated case.

Mr. CHAPLIN: The question is when did the minister get the letter?

Mr. MOTHERWELL: I do not recall when I got it.

Mr. CHAPLIN: Was it long ago or recently?

Mr. MOTHERWELL: I received the letter shortly after it was written.

Mr. CHAPLIN: And apparently the minister waited some time before taking action.

Mr. MOTHERWELL: Yes I was waiting for some corroborative evidence that would either confirm or rebut the suggestion that this was the manner in which, on the whole, Dr. Torrance administered the department.

Mr. CHAPLIN: And what is the nature of the "corroborative evidence" which the minister received?

Mr. MOTHERWELL: I will give that, too.

Mr. CHAPLIN: Yes, come along with it.

Mr. MOTHERWELL: In justice to Dr. Torrance I want to say that such evidence as existed tending to show dereliction of duty on his part in other respects, was not, I thought, in itself sufficient to warrant dismissal, or, to put it in a nicer way, to warrant the severance of our relations.

Mr. MEIGHEN: Or, the dissolving of the partnership. That was the first phrase used and it is so good that I do not like to see it dropped.

Mr. MOTHERWELL: Well, that would be a satisfactory term. I say that none of the reasons that have been enumerated on these pages would be sufficient in themselves, because a great many of them are incapable of proof. But, taking them in conjunction with this correspondence, I felt that there was ample warranty for the action I took in regard to Dr. Torrance.

Mr. MANION: Perhaps I am a little dense, but I do not quite understand yet, having heard the letter read, wherein the offence consists; I do not see the crime in it. Perhaps the minister would be good enough to explain to us, who are not so familiar with agricultural conditions, just what is wrong about the letter.

Mr. MOTHERWELL: He is suggesting that the whole question of embargo and quarantine is being administered politically.

Mr. MEIGHEN: Oh, no, not at all.

Mr. MOTHERWELL: Yes.

Mr. MEIGHEN: Where does he say that?

Mr. MOTHERWELL: All right, we will read it over again. Dr. Torrance writes:

> I am strongly of the opinion that quarantine regulations should be based upon scientific knowledge of the diseases against which we desire protection of the conditions surrounding traffic in animals, the freedom from disease of the country from which the cattle are exported, and the time occupied in ocean travel.
>
> If political considerations are to be introduced into the consideration of the question of quarantine it places the scientific advisers of the respective governments in a very anomalous position and I feel that where we have to undertake the responsibility of carrying out any regulations that are made we should also have a decided influence in the planning of these regulations.

What he had in mind there was that he should not only have framed the regulations but should have gone over to Great Britain and negotiated any change therein. I know that, for he had a conversation with me regarding it.

Mr. LADNER: What was the conversation?

Mr. MOTHERWELL: That he should go to Great Britain as one of the representatives.

Mr. MEIGHEN: Is the fact that he wanted to go to Great Britain as one of our representatives, apparently instead of Mr. Duncan Marshall, part of the corroborative evidence?

Mr. MOTHERWELL: No. If I had not known what was in his mind I would have been more astounded by the nature of this letter. But I do know that he wanted to go.

Mr. MEIGHEN: What is wrong with that?

Mr. MOTHERWELL: I do not know whether what he had in mind as "political interference" was the appointment of my deputy or of Mr. Duncan Marshall.

Sir HENRY DRAYTON: He does not say it was either.

Mr. MOTHERWELL: The whole thing was so astounding that when I asked him candidly what he meant, he said that he meant interference by the British government. I pointed out that that could not be so, and he did not say any more.

Mr. STEVENS: I think the committee ought to get a clear perspective of this incident,—I call it an incident, but it is a great deal more when it affects an individual of the standing of Dr. Torrance. We have here one of the most flagrant violations of the statutes of Canada, indeed, a defiance of those statutes, that perhaps could be imagined. In 1920 this parliament passed the Civil Service Act. We all know perfectly well that the task of the Civil Service Commission was a tremendous one and could not result in complete harmony and success in the course of a few years. We also realize that the Civil Service Commission has not in

all its activities given complete satisfaction to everybody. But the principle and the idea behind the legislation has appealed to the people and has been accepted by the Civil Service generally as a very welcome protection against unreasonable interference. Here was a civil servant of high standing whom the minister dismissed at a moment's notice, as I will show in a moment. He brings to the House a letter—a copy of which I have under my hand and which I shall analyze, perhaps a little more fully and a little more fairly than the minister has yet done—and he admits that that letter alone is not sufficient justification for his action in dismissing the Doctor. Then he holds in his hand what he terms "corroborative evidence." And what does he say about that corroborative evidence? Without presenting it he says: Well, I admit it is not very significant and the offence is not serious.

Mr. MOTHERWELL: I will read it all if you wish.

Mr. STEVENS: And he says that it could not be proved. Furthermore, as the final and deciding factor in the case, he states that he knew Dr. Torrance had some idea in the back of his mind. That is a pretty flimsy ground upon which to dismiss a civil servant of the standing of Dr. Torrance. Now, let us examine the letter. I want the committee to bear in mind that the charge against Dr. Torrance was that he had declared there was political pressure being brought to bear upon him. That is the charge of the minister. Let us see upon what it is based. The letter, written by Dr. Torrance, head of the Health of Animals branch, is addressed to Dr. J. R. Mohler, chief of the Bureau of Animals Industry in Washington. The letter is marked "confidential"; it was confidential between these two gentlemen. Now let us get the perspective. Dr. Torrance and Dr. Mohler administer the Health of Animals in their respective countries. In order that the quarantine regulations of Canada and the United States, regulations which are always irritating in a measure to these who are subject to them, should be carried out with as little irritation to the public as possible, these two chief officials of their respective governments were in constant touch and working in substantial harmony. Let me give an illustration to show there was nothing sinister in Dr. Torrance's action. Take the immigration authorities—and my hon. friend the Minister of the Interior (Mr. Stewart) who handles that branch is now in his seat and will bear me out—supposing the immigration authorities of Canada and the United States did not work in harmony in many respects, would there not be tremendous irritation to the public? My hon. friend will agree with that. It is one of those little courtesies between officials of two governments which is necessary if friendly relations are to continue. I am not going to read the whole letter because it is already on Hansard. The first portion the minister will not himself complain of in the slightest degree; it is a reference to the foot and mouth disease. At this time negotiations were on foot with Great Britain. Great Britain was demanding that her animals should have access to our market with a minimum of quarantine and a lowering of the standard of the regulations which at that time obtained. But it must be borne in mind that even in that very year there were twenty-two cases of foot and mouth disease in Great Britain. To show that Dr. Torrance's and Dr. Mohler's apprehensions were well founded, all I have to do is to remind the committee that since that time, animals to the value of millions of pounds sterling have been destroyed in Great Britain because perhaps of one of the worst outbreak of this disease every experienced in that or any other country so far as I know. Let us keep that in mind. Is it not an indication that both Dr. Torrance and Dr. Mohler were careful, cautious and well-informed officials of their respective governments? Now, up to this point we have nothing but what is of the highest and most commendable character in regard to this official who was so summarily discharged. The first clause I read is in these words:

> It is quite possible, however, that a suggestion may be made that we should modify our quarantine—

Remember, Dr. Torrance is writing to Dr. Mohler. Now, this is the point:

There was an expectation that a request for modification of the quarantine regulations would be asked for by Great Britain.

Hon. members will note that the request is expected to be made by Great Britain. This is the crux of the whole business, and I am sure, will persuade hon. members that there is nothing in the contention of the minister.

> —so as to reduce the time of detention, and it is with regard to this possible demand that I would like to have confidentially your (Dr. Mohler's) opinion as it affects the relations between the Bureau and the Health of Animals branch.

That is, between the third country, the United States, and Canada. Now I come to the paragraph which is so offensive to the minister. Dr. Torrance continues.

> I am strongly of the opinion that quarantine regulations should be based upon scientific knowledge.

Is there any objection to that? Is that sound, or is it offensive? Is it right or is it wrong? Is Dr. Torrance on good ground, or is he flirting with some influence that is injurious to this government? These are the questions that the committee are called upon to decide. He continues:

I am strongly of the opinion that quarantine regulations should be based upon scientific knowledge of the diseases against which we desire protection, of the conditions surrounding the traffic in animals, the freedom from disease of the country from which the cattle are exported, and the time occupied in ocean travel.

These, he said, are the considerations that should be borne in mind; these are the influences that should determine the nature of the regulations to be passed. Now we get to the offence. I ask the minister,—and I wish the Prime Minister were in his seat, because this is an important matter, and it affects the government—and I ask the committee, to listen to this point, keeping in mind what I said a moment ago, that it was anticipated that pressure would be brought to bear upon the Canadian authorities—Dr. Torrance—to lower the quarantine period of the admission of British cattle into Canada. That is the basis; that is the apprehension; that is the anxiety in the mind of this official. This is what he says:

If political considerations are to be introduced into the consideration of the question of quarantine it places the scientific advisers of the respective governments in a very anomalous position.

Now, let us think that over. That is the offence; that is what Dr. Torrance is charged with having done to warrant his dismissal from office. Dr. Torrance said to the minister that what he meant was that political pressure, political relations of Canada with the Mother Country, considerations affecting the general relations of countries, would enter into this and outweigh the scientific reasons upon which the regulations should properly be founded. Is there anything unreasonable in that deduction? Is there anything unreasonable in Dr. Torrance's explanation? Is it not the most sane and reasonable explanation of his statement?

Mr. HOEY: What would those "political considerations" be?

Mr. STEVENS: There are two classes of political considerations. I admit that you can narrow the word "political" until it becomes nothing but a sinister term—

5 p.m.

word political. But the word "political", applying to political considerations as between Canada and the Mother Country, would be something of this character: We are asking Great Britain for access to her markets. Great Britain says "All right, we will remove our embargo, but in order to do that we have to satisfy our breeders in England, who object to your cattle coming in here, who say your cattle have to be slaughtered at the port of entry. Let us have something to give to our people. Let us have a political consideration: you lower your quarantine regulations and give us favourable access for our breeding stock into your market." Now that is a political consideration. Let us look at it from another angle. How could there be a party political consideration in this matter? How could anyone with the widest stretch of imagination interject into it a party or local political consideration? You cannot do it and read this letter as being from a sane person; and no one will question the sanity of the letter. Now, I read further:

And I feel that where we have to undertake the responsibility of carrying out any regulations that are made, we should also have a decided influence in the planning of these regulations.

There is nothing unreasonable about that. Now I come to the next clause, and this the minister says is awful, it is terrible. Any official who would use the words I am about to read should, according to the minister's idea, be summarily dismissed, should not be retained in the service for a minute, even though he is, as this official was recognized to be, a leader in his profession, a man of high standing and integrity and so regarded in other countries. Furthermore he was appointed not by his political adversaries, but by the Laurier government in 1896. I merely interject that to show that there was not, as a matter of fact, any party consideration at all. Dr. Torrance says—and I would like the committee to note this:

Should political pressure force me to accept a shortened period of quarantine—

Now, let me pause there. At no period in this letter does Dr. Torrance—

Mr. STEWART (Argenteuil): May I ask the hon. gentleman a question?—I regret that I was not in when he commenced his argument. Is that letter written to the Veterinary Director General of the United States with reference to a discussion between the Canadian and the British governments?

Mr. STEVENS: This is a letter written to Dr. Mohler. Let me continue this point. Keep in mind that the charge is the use of this word "political," and keep in mind also that the subject of the discussion was the possible demand for the lowering of the quarantine regulations in Canada so far as admitting British cattle was concerned and its immediate effect upon our relations with

the United States in the interchange of that traffic. He goes on to say:

Should political pressure force me to accept a shortened period of quarantine for imports from the British Isles, I have been wondering what would be the attitude of your bureau in regard to the matter.

Am I not justified in saying that Dr. Torrance was strictly adhering to a reasoned and proper attitude—that should friendly political relations bring so much pressure upon this government as to override the considered scientific opinions of him and his associates, what effect would that have upon the attitude of the government toward the traffic between Canada and the United States? Is that not clear? Could Dr. Torrance have put the matter more moderately or inoffensively? I submit that he could not; I submit that he did it in the most reasonable and gentlemanly manner possible. The minister may analyse this letter from now until doomsday and he will not get out of it the slightest indication of offence or insult to him—not the slightest. If he has taken it out, it exists in his own imagination; certainly it does not exist in the letter. We asked the minister to be good enough to read Dr. Mohler's reply, but he refuses to do so.

Mr. MOTHERWELL: I have not a copy of it here.

Mr. STEVENS: I have a copy of it under my hand, and I will read it, because it indicates again the reasonableness, the soundness of the correspondence on the part of Dr. Torrance. This letter is headed:

United States Department of Agriculture. Bureau of Animal Industry, Washington, D.C. Address reply to "Chief of Bureau of Animal Industry."

It is dated the 31st of October, 1922—and that point ought to be borne in mind; all this correspondence was in October, 1922. It is addressed to Dr. Torrance, Veterinary Director General, Department of Agriculture, Ottawa, and reads:

Dear Doctor TORRANCE:

I have read your letter of October 28th and am deeply interested in any action you might be forced to take which would weaken the protection of Canada against invasions of foot and mouth disease and other foreign animal plagues.

Dr. Tolmie presented the case truthfully when he stated to the British commission that he did not consider the cases of Canada and Great Britain parallel, and pointed out the frequent outbreaks of foot-and-mouth disease that have occurred in Great Britain in recent years. We in America know that the conditions are much more favourable in Great Britain for controlling outbreaks of highly contagious diseases than in most sections of Canada and the United States. I believe it would be impossible to eradicate foot-and-mouth disease on our great plains if it once got a good start.

I would be very sorry to see you forced to shorten the time you now hold imported animals at your quarantine stations as I am of the opinion that thirty days quarantine gives only a reasonable margin of safety. Usually we would expect symptoms of foot and mouth disease to appear within a week or ten days after natural exposure, but in some instances in our last outbreak the symptoms did not appear so soon.

I know your feelings in the matter and appreciate the position in which you are placed. Of course the bureau would regret to see a modification of your quarantine reducing the time of detention. If you are finally obliged to make such a change, it will be necessary for the bureau to alter its import regulations so as to prohibit importations from Canada until sufficient time has elapsed to know certainly that the animals to be imported are not infected. I think that, considering the little inconvenience from holding animals in quarantine for so short a time as you now hold them, and the possible results to the Canadian live stock industry from shortening the quarantine period, it would be a mistake for the British commission to insist on any change in your quarantine regulations at this time.

Sincerely yours,

J. R. MOHLER,
Chief of Bureau.

Mr. CRERAR: Is that letter marked confidential, too, or private?

Mr. STEVENS: This letter is not marked confidential as far as my copy goes.

Mr. CRERAR: That is the answer to the confidential letter?

Mr. STEVENS: That is the answer to the confidential letter written by Dr. Torrance to Dr. Mohler, October 28, 1922. Now, I ask the committee to get this point clearly: All this correspondence indicates two things—first, the anxiety on the part of the Canadian and United States Health of Animals officials as to the possible result of lowering the quarantine period in Canada; secondly, the imperative necessity on the part of the American bureau to increase their restrictions against Canada should this country take that step. Follow me back and I will repeat what I said a moment ago in regard to the other letter. Dr. Torrance in his turn expressed his anxiety that the pressure from Great Britain, other than scientific, would be such that it might be necessary for Canada to do this, and therefore he wrote this letter to find out what the effect would be. He was forced to do it in order that when the time came he would be in possession of the whole information. I say that Dr. Torrance ought to be complimented for his foresight, for his moderation, and for the manner in which he handled this very difficult problem. Instead of that, what occurred? The minister called Dr. Torrance into his office one day, and without notice, without any warning, without any charge, without time to give any answer, told Dr. Torrance, within a few moments after he had entered his office, to give him his resignation or take his discharge.

If he resigned he would be entitled under the Calder Act to his retiring allowance of about $1,500 a year. If he did not resign on the spot without leaving the office he would be dismissed in his sixty-fourth year and would get no retiring allowance. That was the choice before Dr. Torrance. I ask the committee to consider that. No charges, no opportunity to explain, no opportunity to answer, no impartial tribunal—nothing of that kind at all.

Mr. CRERAR: How long was it after the correspondence may I ask?

Mr. STEVENS: That occurred about a year after. I have the exact information here somewhere.

Mr. MOTHERWELL: July of the following year.

Mr. STEVENS: In July following the correspondence in October—July 7th. Now picture to yourselves the position Dr. Torrance was in after having given seventeen years of his life and the very best period of his life—because when Dr. Torrance was engaged in 1906 he was at the top of his profession and remained so during that period—to the service of this country. Dr. Torrance at the age of sixty-four is not the Dr. Torrance, with his prospects, at the age of forty-seven or forty-six as the case may be when he entered the service. He was faced with losing his $1,500 of retiring allowance and he did not at that moment sign the resignation. He asked for twenty-four hours. Is that unreasonable?—I ask this committee. Mr. Chairman, during your long parliamentary experience have you ever seen a case parallel with this? Would the minister himself attempt to justify an alternative of that kind placed before an official of this standing and upon the flimsy basis which I have presented to the committee? Not only that. Such conduct was utterly uncalled for, not only from the standpoint of equity, but from the standpoint of common decency from man to man which ought to be accorded to the most irresponsible individual. Not only that, but there was an utter disregard of the general provisions of the Civil Service Act and the whole spirit of that legislation. I know of many such cases and we purpose as time goes on to bring a few more of them before the House. I have one in mind that a minister sitting near the Minister of Agriculture perpetrated which does not show so wanton a disregard of legislation as this, perhaps, but is also an indication of the way in which the spirit of this legislation is not only disregarded but flagrantly and impudently violated by this government. I feel pretty warm about this. I have a high regard for Dr. Torrance. There was no political significance in Dr. Torrance's services to this or preceding governments—none whatever. He was appointed in 1906 under the government of Sir Wilfrid Laurier. He continued down through the years until last year and was a public servant of the highest standing—of the highest standing in his profession—and highly respected not only by officials of the Canadian government but by those governments with which he had to deal. "Oh," the minister says, "I know what was in the back of his head, I saw through his head. I saw a picture there in the back of his head." What was this thing, this sinister and terrible thing, he saw in the back of his head? You would think Dr. Torrance was contemplating murder. You would think my hon. friend (Mr. Motherwell) saw or divined that this civil official was about to rob the treasury or run off with the minister and his office, or something of that kind. What was in the back of his head? This: Dr. Torrance said that if they were going to discuss again in Great Britain the question of quarantine regulations regarding live stock, the head of the live stock branch ought to be at the discussion. Hon. gentlemen may pause and consider that for a moment. Was that a sin, was that a crime? Supposing we were going to discuss some highly technical legal matter affecting the Justice department would you send out to Alberta and get Duncan Marshall, or would you send for the Deputy Minister of Justice? The Deputy Minister of Agriculture went. There was no objection to that; no objection to Duncan Marshall; no objection to an officer other than the deputy minister if he wanted to go for a little trip. But should not the Director of the Health of Animals branch have gone, not only as a matter of course but as a matter of necessity? If he is to properly administer this branch, if his professional services are of any value to the country, then surely he ought to have been there when the regulations in which he was to have a part in framing were under discussion. Let me refer to this letter. This is the matter which the minister had in the back of his head:

I am strongly of the opinion—

This is what was reflected from Dr. Torrance.

—that quarantine relations should be based upon scientific knowledge—

Did Duncan Marshall have that scientific knowledge? I think the answer is so obvious that the only possible escape of the minister is to frankly admit that in a moment of impetuosity and temper, unbecoming to his age and experience, he gave way to a little jealousy in regard to this official, exercised his power and ordered his dismissal. Dr. Torrance did not have to resign under those circumstances. I do not think this government had the power to demand his resignation, but Dr. Torrance was faced with this proposition; he did not have time to take chances as to whether legally or not he could resist this demand and await a dismissal and investigation. He did not know that. He saw $1,500 of pension being ruthlessly taken away from him—"Resign or be dismissed and you lose your pension." These were the words of the minister. If you can imagine, Mr. Chairman and members of the committee, a more unjust and iniquitous piece of work than that, I would like to know it.

Mr. GAUVREAU: The hon. gentleman will remember that in 1911 his friends dismissed a large number of employees.

Mr. MOTHERWELL: Perhaps we will have to go back to the beginning. I did not want to spend too much time on this matter. I thought perhaps we could get through this and make some progress. The hon. member, I presume, has made the best case he is capable of making for the gentleman whose case is under consideration. Let me read from Dr. Torrance's letter to Dr. Mohler which would have covered the entire case he was asked to cover. I requested Dr. Torrance to write a friendly letter to Dr. Mohler asking what effect the change on the quarantine regulations would have on our relations with the United States. Here is the paragraph that covers that:

> It is quite possible, however, that a suggestion may be made that we should modify our quarantine so as to reduce the time of detention, and it is with regard to this possible demand that I would like to have confidentially your opinion as it affects the relations between the bureau and the Health of Animals branch. We have always felt that we were under agreement not to alter our quarantine regulations without previously notifying you of our intention, and we have received from you the same consideration.

In order to comply with the usual international courtesies of giving notification, I asked Dr. Torrance to write Dr. Mohler confidentially, stating that there was a possibility of this being done and what would be the possible effect upon our relations if it were done. That is all I asked him to do. I know what I asked him to do and what was in my mind. When my colleagues went over to Great Britain I asked them to inform me if there was any change in the quarantine relations that might possibly affect our relations with the United States, and I also intimated that, from the standpoint of international policy, there should be some communication of a confidential nature from myself or some one of my department to the staff at Washington tentatively, telling them what might be done. Instead of quitting at that, here is the kind of letter he writes, and deliberately hands it to me afterwards as if it were all right. That shows the disposition and temperament of the party. He writes a dissertation on political pressure, and if he is "forced" to do this, and so on. The reply is to this effect: "If you are forced or if you are compelled," showing that Dr. Mohler got the impression that there was some sort of wrong pressure being exercised on this side; if Dr. Torrance had to yield to them such and such would ensue in regard to the regulations. Keep that in mind, Mr. Chairman and members of the committee, while we are discussing this.

Mr. MEIGHEN: Does the minister think, if Dr. Torrance had the slighest notion in his head that he meant by his words—"political pressure" what the hon. minister had suggested, he would have gone immediately to the minister?

Mr. MOTHERWELL: You would scarcely think that?

Mr. MEIGHEN: Or do you think any mar with brains would think that?

Mr. MOTHERWELL: That is why I hesitated for six months, to see what kind of man he was. One has to believe his own senses in the matter, and come to his own conclusions. Here is the paragraph that was supposed to be a complete fulfilment of my instructions to Dr. Torrance to write a diplomatic letter that would comply with the proper international courtesies that should be observed between one country and another considering the pleasant relations we had had with the United States on this question; and I should say he gave a political dissertation on the political pressure exercised by this government or the British government to bring about something he objected to strongly. I do not want any officer of that nature around me, and I exercised my right to say so.

Mr. BRETHEN: What reply did Dr. Mohler give?

Mr. MOTHERWELL: He could only give one reply. The reply was put in his mouth practically. What would you do if some political pressure was brought upon Canada

of some sort to compel us to do this? He could only say one thing: "We would cancel our regulations under which we are working with you." It was put in his mouth by Dr. Torrance.

Mr. CRERAR: Did the minister suggest to Dr. Torrance that the letter to Dr. Mohler be a confidential letter.

Mr. MOTHERWELL: Yes, it was marked that way, and this is the way it is being treated as confidential.

Mr. SHAW: The minister tells us he got a copy of the letter within a week or so after it had been sent. Did he complain to Dr. Torrance at that time about the contents of the letter?

Mr. MOTHERWELL: No, I did not read the letter at the time he forwarded it to me. In fact, I do not think I read it for some little time, if I remember rightly; and I think he sent it through the mail shortly after that. The House was in session for five months. Further, the period between October and July, was a reasonable length of time to find out if that was the general way in which Dr. Torrance administered the department he presided over. After the session closed in July, I was cleaning up affairs of one kind and another that had been hanging over, before going West and this was taken care of at that time. If the committee desires to know the corroborative facts and reports that came to my ears from many sources to substantiate the very conduct that is outlined in this letter I will give it to the committee, but I do it with some reluctance. It is hardly fair to Dr. Torrance, and on the other hand it is hardly fair to me. If I am to be blamed for this act alone of Dr. Torrance, and for delayed action on my part for six or eight months without some valid reason, I may say there was a valid reason. I wanted to give him a show. Dr. Torrance and I were personally friendly. I think he treated the department in what he thought was the right way, but he was constantly committing blunders of this nature and of a similar nature. I am prepared to read a memorandum handed to my deputy, compiled by a member of the staff of the department who should know, with respect to Dr. Torrance's administration of the department in many respects. There is nothing confidential about it, but it is not fair to Dr. Torrance.

Mr. MEIGHEN: Go on with it.

Mr. MANION: Was the deputy requested to give this information, or did he give it voluntarily?

[Mr. Motherwell.]

Mr. STEVENS: Probably it was "voluntary" on request.

Mr. MOTHERWELL: It just shows how foreign it was to my mind to do what my hon. friend has suggested. I did not ask my deputy to give it to me; I did not ask him to prepare it, and I do not think he asked that it be prepared. But it was prepared by another member of the department and handed to him to give to me.

Mr. MEIGHEN: Who was he?

Mr. MOTHERWELL: I do not know for sure.

Mr. MEIGHEN: Will the minister be good enough to read this memorandum from somebody he does not know?

Mr. MOTHERWELL: I got it from my deputy, and that was sufficient evidence to me that it was worth while handing it to me.

Mr. MEIGHEN: The person who takes the responsibility, the minister does not know. I think it would be interesting to have it read. I think it would be a curiosity.

Mr. DOUCET: Before the minister reads that document, does the deputy minister take the responsibility for it?

Mr. MOTHERWELL: I understand, no.

Mr. MEIGHEN: Does anybody take the responsibility for it?

Mr. MOTHERWELL: For some of it, I will.

Mr. MEIGHEN: Will the minister read it now and tell us what parts he will take the responsibility for and what parts nobody will?

Mr. MOTHERWELL: The first one I will read but will not take the responsibility for.

Mr. MEIGHEN: Read it all.

Mr. MOTHERWELL: The whole file?

Mr. MEIGHEN: Yes.

Mr. MOTHERWELL: It is as follows:

Some reasons why.....could have been asked to resign:—

He used the frank of the deputy minister for his personal mail and the personal mail of his family. Every Monday morning he brought his mail to the office and handed it to the messenger to be franked. This practice went on for a considerable time and the Postmaster General wrote to him asking him to discontinue it. He did not discontinue it and kept up this practice and the Postmaster General had to write him the second time before he discontinued it.

I do not know anything about that.

Mr. MEIGHEN: Nobody responsible for that?

Mr. MOTHERWELL: No, but it can easily be found out. I did not go to the Postmaster General to find out.

Mr. MEIGHEN: If the minister thinks this may have occurred a year after the dismissal, it may be well to find out.

Mr. MOTHERWELL: This is one before his dismissal and I believe it is true:

He had the power to issue scrips for liquor and he would issue scrips and send the messenger to the vendors to buy the bottle and have the messenger deliver it to certain members of parliament.

Mr. MEIGHEN: Does the minister take responsibility for that?

Mr. MOTHERWELL: I believe it is true.

Mr. MEIGHEN: Does the minister take responsibility for it?

Mr. MOTHERWELL: No, but I believe it is true.

Mr. MEIGHEN: But he will not be responsible for it?

Mr. MOTHERWELL: No; you will have to substantiate it by sworn testimony.

Mr. MANION: I may say, as a physician, if he had the right to issue prescriptions to patients that he was committing no offence in any case if he knew the members required it, and knew that they were ill.

Mr. MOTHERWELL: They have certain privileges, I suppose, that other people do not enjoy, but I was not aware that that was one of them.

Mr. MEIGHEN: No privileges more than anybody else.

Mr. MOTHERWELL:

He used to spend his vacations down the Saguenay and his family and son-in-law generally accompanied him. After being at the summer resort for three weeks he expressed all his belongings from the summer resort back to the branch collect and the department paid for it. During the war his son was overseas and he used to call his son and sign his name and his son would cable back and sign his name and all the cablegrams each way were charged to the department.

A site was picked out at Hull for a research station and could have been bought at a low figure, but his son-in-law got an option on this property and it is rumoured that he got quite a rake-off for selling it. The same thing applied to the quarantine station at Quebec.

Mr. MEIGHEN: Does the minister take responsibility for that?

Mr. MOTHERWELL: No.

Mr. MEIGHEN: Does the minister take responsibility for one line of it?

Mr. MOTHERWELL: Where you have all those reports coming from a fairly responsible authority in the same department and substantiating this letter—

Mr. MEIGHEN: Who is the authority?

Mr. MOTHERWELL: I do not know whether I know the name of the party or not.

Mr. STEVENS: Will the minister ask his deputy who wrote that memorandum?

Mr. MOTHERWELL: My deputy just told me that it was given to him confidentially. There is just one way of getting at this. The hon. gentleman is pressing me for corroborative evidence that I acted properly in connection with this letter. The letter to me was sufficient, but I wanted time to elapse just to see whether it was a letter he wrote on the spur of the moment without knowing the importance of it. I did wait and I have this. This is not sufficient in itself, but it is corroborative; it is very important. Before you could substantiate it, you would have to set the Enquiries' Act in motion or something of that nature in order to get sworn testimony regarding this.

Mr. STEVENS: What is the date of the memorandum?

Mr. MOTHERWELL: There is no date on it, but it was not very long ago.

Mr. MEIGHEN: Was it after the dismissal the minister got it or before?

Mr. MOTHERWELL: After the dismissal I received the written memorandum, certainly, but I knew a number of the complaints before. Reports were coming to me frequently.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: Hon. gentlemen are evidencing by their corn and their appropriate bushel how they would act. Several of those reports came to me last session, two or three months before the dismissal took place.

Mr. MEIGHEN: From whom?

Mr. MOTHERWELL: From many sources, even people I met on the street.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: Wait until I read the memorandum and I will come to the ones I have reference to.

Mr. MEIGHEN: The minister says that he made the dismissal on the strength of the letter he read and on the strength of certain facts contained in the memorandum, which memorandum has the authority of nobody, and which memorandum the minister never saw until after the dismissal took place.

Mr. MOTHERWELL: But I had some of the information before. It had to be compiled.

Mr. MEIGHEN: It was just on the street, in the air.

Mr. MOTHERWELL: Yes, you even got it from individuals on the street.

Mr. MEIGHEN: From whom?

Mr. MOTHERWELL: Wait until I come to that:

In 1917 the deputy minister sent him. . . .

That is Dr. Torrance.

. . . .West to meet the Western Canada Live Stock Union to make arrangements for the eradication of mange and he attended one meeting staying for about fifteen minutes and left for the golf links and he was never seen at any of the meetings after. As a result, nothing was done regarding the eradication of mange at that time. About six months later the deputy minister and Dr. Hilton had to go West to Calgary to attend a meeting to arrange for the eradication of mange which should have been done six months previous if the gentleman in question had attended to his business and stayed away from the golf links. When Dr. Grisdale and Dr. Hilton arrived in Calgary to attend this meeting the first question that was thrown at them was "Where is the man with the golf sticks" and this name stuck to him all the time he was in the department.

He also furnished inside information to the members of parliament regarding the cut in the Estimates before they were published which caused the minister considerable trouble.

Mr .STEVENS: Will the minister at that point take responsibility for that statement?

Mr. MOTHERWELL: I got information a year ago. I do not know whether it was from members, but judging from the questions asked by members, it could have been got in no other way than through Dr. Torrance's office. Only he and my deputy knew it.

Mr. STEVENS: Was the memorandum prepared by Dr. Hilton, the gentleman who was kept in the position?

Mr. MOTHERWELL: No, and I am informed, not by any official of the Health of Animals Branch.

Mr. STEVENS: Does the minister recollect yet who prepared it?

Mr. MOTHERWELL: I think I know. I am not sure, however. It was given to Dr. Grisdale confidentially by a member of the staff of the Department of Agriculture.

Mr. STEVENS: Will the minister say this? Would he consider it fair, reasonable and just to read a memorandum without presenting the person's name, using it as corroborative evidence to deprive a prominent official of his position, without giving that official a single moment even to see that memorandum or reply to it?

Mr. MOTHERWELL: Did I not say at the very beginning that, out of deference to Dr. Torrance, it was not fair?

Mr. MEIGHEN: The minister said he would take responsibility for it.

Mr. MOTHERWELL: For one or two of the items.

Mr. MEIGHEN: He has taken the responsibility for none. He says there is someone responsible for the rest, and he will not say who it is. Can the minister conceive of more dishonourable conduct than what he is exhibiting in this House at this time?

Mr. MOTHERWELL: What would my hon. friends have said if I had not read it? My hon. friends pressed me for further information and I gave it.

Mr. MEIGHEN: The moment the minister read a line of it he was bound to give the authority, and I demand that authority now in behalf of common justice.

Mr. MOTHERWELL: If I get permission from my deputy I will give it.

Mr. MEIGHEN: The deputy is there; ask him.

Mr. MOTHERWELL: The whole correspondence with Dr. Mohler was confidential and I so informed hon. gentlemen; but because the committee demanded it I gave it. It seems to me that the whole procedure is manifestly unfair to Dr. Torrance, and hon. members on the other side of the House were warned that if the matter were brought up in parliament evidence would be forthcoming that would be none too creditable to this gentlemen. I had no desire to give any evidence of the kind to the committee, because I wanted to save Dr. Torrance this unpleasantness.

Mr. MEIGHEN: What is the evidence? What is the nature of this evidence which the minister describes as being "none too creditable" to Dr. Torrance?

Mr. MOTHERWELL: Here is sufficient evidence for any reasonable person.

Mr. MEIGHEN: Will the minister abandon all the other rubbish that we have been hearing, about no one taking any responsibility, and stick to the letter?

Mr. MOTHERWELL: I can stick to the letter, yes.

Mr. MEIGHEN: And will the minister go further and say that he has no other reasons for Dr. Torrance's dismissal?

Mr. MOTHERWELL: No, I will say nothing of the kind.

Mr. MEIGHEN: Well, if the minister has other reasons, what is the nature of the evidence?

Mr. MOTHERWELL: I have said, I have evidence which, while I would not be prepared to swear to it in a court of law, some of it, if not all, I nevertheless believe very largely.

Mr. MEIGHEN: I should like to know what other reason the minister has besides that letter.

Mr. MOTHERWELL: There is sufficient reason.

Mr. MEIGHEN: Will he submit any other evidence to the committee?

Mr. MOTHERWELL: I did not want to read the letter, but my right hon. friend himself insisted upon its being produced.

Mr. MEIGHEN: But what the minister has just read is not evidence. The minister could have had a clerk write it, and he knows it. He refuses to give the name of any authority for scandalous and defamatory statements made against a public servant; and any one who will quote such statements and refuse to give the authority for them, when urged to do so, is not fit to be a Minister of the Crown.

Mr. MOTHERWELL: All that is required is to bring the matter before a committee of the House and we shall see whether we can prove it or not.

Mr. MEIGHEN: Prove what? Is the minister going to appoint a committee to investigate something that has been said by no one, or by some one whose name we do not know?

Mr. MOTHERWELL: My hon. friend knew what the matter was.

Mr. MEIGHEN: The minister said he would take responsibility for a part of the allegations, while some one else would be responsible for the rest.

Mr. MOTHERWELL: No; I did not say that.

Mr. MEIGHEN: But now apparently he will not accept responsibility for a line of it; and although he will hold no one else responsible for it he retains, and gives expression to, a doubt to the injury of Dr. Torrance.

Mr. MOTHERWELL: My hon. friend insisted upon my reading it.

Mr. MEIGHEN: The moment the minister reads a line of it he is bound to give the authority.

Mr. MOTHERWELL: Let me say this, Mr. Chairman, that if we had observed the proprieties in this matter, if hon. gentlemen had not insisted so strongly on the thing being read, these confidential communications should not have been made public at all.

Mr. MEIGHEN: That is nonsense. The letter is marked "confidential" at the minister's request, but it is a matter of public business and it is absolutely proper that it should be brought to the attention of the committee. We are prepared to discuss the dismissal of Dr. Torrance on the basis of that letter; but it is highly improper for the minister to introduce allegations and repudiate all responsibility for them.

Mr. MOTHERWELL: I did not say anything of the kind.

Mr. MEIGHEN: Why does the minister not give us the authority if there is one?

Mr. MOTHERWELL: I stated that I would accept responsibility for one particular item.

Mr. MEIGHEN: We have not got it yet; what is it?

Mr. MOTHERWELL: My right hon. friend's state of mind is something like what it was yesterday in regard to his dates; he does not remember.

This man had power to issue scrips for liquor, and he would issue them and send messengers to buy a bottle and have them deliver it to certain members of parliament. I will assume responsibility for that statement, for I inquired into the allegation and I believe it to be true.

Mr. TOLMIE: Who were the members of parliament?

Mr. MOTHERWELL: And in view of that fact I hold that I was justified in asking for his dismissal.

Mr. MEIGHEN: Does the minister pretend that even if that were true it constitutes an offence against any law or regulation?

Mr. MOTHERWELL: I have already asked my right hon. friend to keep his chair warm.

Mr. MEIGHEN: I will keep the minister warm to-day, I can assure him.

Mr. MOTHERWELL: Don't get fussed up; I have a good case. Let me tell my right hon. friend that if any of my officers do the same thing they will meet with a same fate. and after all, what was that fate, if you like to describe it thus? Two months' salary and four months' leave of absence with pay; and before the expiration of that time he had a second job. Nothing was done in any way to prejudice him.

Mr. MEIGHEN: Except his dismissal.

Mr. MOTHERWELL: And, if you ask me, I am sure that if Dr. Torrance's feelings were consulted in this matter he would request to be saved from his friends.

Mr. MEIGHEN: I think he would, seeing that the minister has included himself among his friends.

Mr. MOTHERWELL: I do not see the point. However, let me continue with the letter. Evidently, Mr. Chairman, hon. gentlemen do not like the corroborative evidence.

Mr. CHAPLIN: We have not heard it yet.

Mr. MEIGHEN: Who does not?

Mr. MOTHERWELL: Let us get back to the document itself. I say with all respect that I have never seen an officer in any department, and certainly have never had anything to do with one, who would write a letter of that character, especially to a foreign government in whose files it would be kept. There is no question that all the members of the staff would know about it. And as a matter of fact, word came back to us that they were astonished at Washington that we should keep in our employ a man who would write such a letter.

Mr. MEIGHEN: Who said that? Will the minister tell us who is responsible for the statement that the officials in Washington had expressed astonishment at the fact that, as he puts it we should have kept such a man in our employ?

Mr. MOTHERWELL: It came through Dr. Mohler.

Mr. MEIGHEN: Very well; but who said it?

Mr. MOTHERWELL: I understand it came from Dr. Mohler.

Mr. MEIGHEN: Did Dr. Mohler say that he was astonished?

Mr. MOTHERWELL: Yes.

Mr. MEIGHEN: Will the minister take the responsibility for saying that Dr. Mohler so stated?

Mr. MOTHERWELL: I could not do that as he did not tell me.

Mr. MEIGHEN: It would be an affront to common sense to suggest anything of the kind.

Mr. MOTHERWELL: In fact, I expressed my own astonishment and my astonishment was given visibility by my interview with Dr. Torrance on the subject. My hon. friend forgets apparently that Dr. Torrance writes this:

> If political considerations are to be introduced into the consideration of the question of quarantine, etc.

What can that mean—"if political considerations are to be introduced?" Obviously it is a complaint against some government or the department of some government; there is no question about that. All that fine-spun theorising on the part of my hon. friend from Vancouver (Mr. Stevens) is the sort of argument of which only a lawyer could be capable; only a lawyer could so split hairs and pare cheese—

Mr. STEVENS: That is an accusation I cannot allow to pass unchallenged, Mr. Chairman.

Mr. MOTHERWELL: It was not intended as an accusation.

Mr. STEVENS: The minister charged me—

Mr. MOTHERWELL: I never charged you with anything. I simply say that I defy any hon. member over there, or for that matter anywhere else in the House, who has not a legal mind, to split hairs the way the hon. gentleman has done.

Mr. STEVENS: I am not a lawyer.

Mr. MOTHERWELL: That being the case, then, I have to compliment the hon. gentleman, for he certainly betrays a lawyer's mind in his aptitude for analysis and his ability to twist things and make them appear what they are not. Now, let me quote again the sentence to which I was calling the attention of my right hon. friend:

> If political considerations are to be introduced into the consideration of the question of quarantine, etc.

I ask hon. members again, what can that possibly mean?

Mr. LADNER: Does the minister infer from that sentence any suggestion that Dr. Torrance is insinuating a play of party politics?

Mr. MOTHERWELL: If that is not his meaning, what then is it?

Mr. MEIGHEN: How in the name of common sense could party politics have anything to do with the statement as quoted by the minister?

Mr. MOTHERWELL: That is precisely what I wanted to understand from Dr. Torrance; I wanted to know why he introduced politics into the matter.

Mr. MEIGHEN: Surely the minister can perceive the true significance of the sentence.

Mr. MOTHERWELL: The minister cannot interpret the sentence as my right hon friend does; the minister must be very dense.

Mr. MEIGHEN: I think he is.

Mr. MOTHERWELL: Well, hon. gentlemen will have to decide just where the density is.

Mr. MEIGHEN: Does the minister want to suggest that political pressure does not exist all the time, quite properly, between this country and Great Britain and every other country in the world? And does not political pressure in that connection always mean—unless any one wishes to import party into the matter—that there exist certain necessities and exigencies of government because of the demands of the people? Could anything be more manifest than that? And that is precisely what Dr. Torrance had in mind. Nothing else makes common sense; and while the minister may possibly be unable to conceive of a letter written in terms of common sense, I do not know why he should attribute such a state of mind to any of the officials of the department. The importation of the party sense into the meaning of the adjective in this case is utterly absurd and ridiculous, and the interpretation which the minister puts upon the sentence is altogether false; and the fact that the doctor sent the letter at once to the minister would show that if nothing else would.

Mr. MOTHERWELL: My hon. friend is at liberty to put any construction he likes upon it.

Mr. MEIGHEN: Dr. Torrance never thought of putting any construction on it.

Mr. MOTHERWELL: What the doctor said—

Mr. MEIGHEN: I wonder who put that in his head.

Mr. LADNER: Will the minister tell us what he said?

Mr. MOTHERWELL: He wrote:

> If political considerations are to be introduced into the consideration of the question of quarantine, it places the scientific advisers of the respective governments in a very anomalous position, and I feel that where we have to undertake the responsibility of carrying out any regulations that are made we should also have a decided influence in the planning of these regulations.

That was a straight intimation to me, who knew the circumstances, that it was penned because he did not have an opportunity of going over with the experts.

Mr. LADNER: Did the minister charge Dr. Torrance with the political partisanship that has just been referred to?

Mr. MOTHERWELL: Dr. Torrance was a political partisan of the first water.

Mr. LADNER: That is not my question. Did the minister discuss that aspect of the question with him?

Mr. MOTHERWELL: No, I do not think I did.

Mr. LADNER: Did the minister have a discussion with him at the time of his resignation?

Mr. MOTHERWELL: That was the only discussion I had with him.

Mr. LADNER: When was that?

Mr. MOTHERWELL: About the first week in July.

Mr. LADNER: The 7th of July?

Mr. MOTHERWELL: Yes.

Mr. LADNER: Did the minister have this letter from Dr. Mohler in reply of the 3rd November, 1922?

Mr. MOTHERWELL: I do not know whether I had or not, I have not the letter here. The 3rd November is a month afterwards. It would be about that, the reply came inside a month.

Mr. LADNER: It is five days after.

Mr. MOTHERWELL: That is inside a month.

Mr. LADNER: Has the minister that letter?

Mr. MOTHERWELL: Not here.

Mr. LADNER: May I read a copy?

Mr. MOTHERWELL: Do you mean from Dr. Mohler? Certainly. It has been read once already.

Mr. LADNER: Did not the minister five days after, receive the letter of Dr. Mohler and a copy of Dr. Torrance's letter to him?

Mr. MOTHERWELL: I think so. We have Dr. Mohler's letter on file. I have read it. But as he is not responsible to this House I did not bring a copy of his letter.

Mr. LADNER: When did the minister ever ask Dr. Torrance about this political partisanship?

Mr. MOTHERWELL: I have no recollection of discussing it with him at all until the July following.

Mr. LADNER: Did not the minister have the letters there?

Mr. MOTHERWELL: Yes, but the session came on in January. Departmental business accumulates and is attended to when the session is over.

Mr. LADNER: Will the minister tell us the nature of the conversation at the time Dr. Torrance was dismissed?

Mr. MOTHERWELL: Yes. I have already done so. I produced this letter and asked him to give an explanation of what he meant, who was bringing political pressure upon him to do so and so. His explanation was that it was not the Canadian government nor myself that he had in mind, but that the political pressure was being brought by the British government.

Mr. MEIGHEN: Wasn't it?

Mr. MOTHERWELL: No, but reverting to my previous remarks, apparently for reasons that led Dr. Mohler to say: If you are compelled to do so and so in connection with these regulations, then we will have to do so and so. There is no question Dr. Mohler's answer was prompted by the nature of Dr. Torrance's letter.

Mr. STEVENS: Has there been at any time pressure from the British government to reduce the period of quarantine?

Mr. MOTHERWELL: It has been discussed in connection with breeding cattle, but there has been nothing of what we usually term political pressure; there was a conference.

Mr. MEIGHEN: What kind of pressure would the minister call it?

Mr. MOTHERWELL: Just simply friendly negotiations. When you use the term political pressure, it is always capable of being understood as party politics.

[Mr. Motherwell.]

Mr. STEVENS: Has the minister the correspondence in that matter with the British government?

Mr. MOTHERWELL: I understand from my deputy that the correspondence is in connection with the lifting of the embargo and is marked confidential.

Mr. STEVENS: The minister could not lay it on the Table of the House?

Mr. MOTHERWELL: We will look it over. I think we took the file off last year and laid it on the Table with the Prime Minister's correspondence.

Mr. LADNER: On July 7, when the conversation took place, did the minister demand Dr. Torrance's resignation?

Mr. MOTHERWELL: After I showed him this letter I told him I thought the time had come for us to dissolve partnership.

Mr. LADNER: Did Dr. Torrance ask for an opporunity to consult his friends?

Mr. MOTHERWELL: No and yes. He asked for an opportunity to see Premier King.

Mr. LADNER: Did he ask for time to reflect upon it?

Mr. MOTHERWELL: He asked for an opportunity to see Premier King. I told him that I had already seen the Premier.

Mr. MEIGHEN: You would not let the Doctor see the Premisr.

Mr. LADNER: Did he ask for time to consider his position?

Mr. MOTHERWELL: I do not recall whether he did or not. He asked for an opportunity to see the Premier.

Mr. LADNER: Was the question of his gratuity or allowance discussed?

Mr. MOTHERWELL: Surely.

Mr. LADNER: Were any arrangements made?

Mr. MOTHERWELL: We started right there to discuss it when he asked for an opportunity to see Premier King. I said I had already seen the Premier and my colleagues with respect to the matter. When he found that out he began discussing the retiring regulations and the amounts.

Mr. LADNER: What was the nature of the discussion?

Mr. MOTHERWELL: Along the lines of his length of service and the computation based upon it. I remember there were a number of years when he was engaged intermittently in Winnipeg, and there was some doubt whether those would count.

Mr. LADNER: Was any amount discussed?

Mr. MOTHERWELL: We discussed the length of time, and my memory is that his total service, including the period in doubt, was seventeen years, and excluding this period it was ten or eleven years of continuous employment. He was employed by the government intermittently in Winnipeg as inspector for about six years. He raised the question if I did not think that under the circumstances, he was within a year of being entitled to retire—he was sixty-four years of age—and would I consider a proposal to count the whole period. I do not know what the terms were. I said I would put a favourable interpretation on his claim to be considered as having been in the service seventeen years. We did so. It went through the usual routine —I can never remember all the different rigamaroles that have to be gone through—but that computation was refused by the Auditor General.

Mr. LADNER: The minister is now getting away from the point. I am referring to the discussion about the specific amount that Dr. Torrance would receive if he resigned instead of being dismissed. What was the amount mentioned to him?

Mr. MOTHERWELL: I have told my hon. friend.

Mr. LADNER: No, you have not mentioned the amount at all.

Mr. MOTHERWELL: I cannot remember all these things. I do remember the period of years because it came up two or three times later. It does not make any difference what the amount was. We put the most favourable construction on the time, and called it seventeen years.

Mr. LADNER: That is not the point.

Mr. MOTHERWELL: I do not know.

Mr. LADNER: I am asking a specific question respecting a specific conversation and a specific fact mentioned in that conversation. Did the minister represent to Dr. Torrance that if he resigned the specific amount would be $1,500?

Mr. MOTHERWELL: If those in authority over me, that is the Auditor General or the Audit Board—my hon. friend must remember that I am not the court of last appeal—

Mr. LADNER: That is not my question.

Mr. MOTHERWELL: Yes, we discussed it, and so far as I am concerned, I was going to favourably consider the longest period that he suggested, seventeen years.

Mr. LADNER: That is not an answer yet.

Mr. MOTHERWELL: I do not know the amount. How could I remember it?

Mr. LADNER: Did not the minister mention $1,500?

Mr. MOTHERWELL: I do not know today how the time is computed.

Mr. LADNER: That is not the point. Did not the minister tell Dr. Torrance that if he resigned instead of being dismissed he would get an allowance of $1,500?

Mr. MOTHERWELL: On the face of it that could not be so.

Mr. LADNER: That is not the question. Did the minister tell Dr. Torrance that he would get an allowance of $1,500.

Mr. MOTHERWELL: No.

Mr. LADNER: That is the answer.

Mr. MOTHERWELL: How could I tell him that? I did not tell him anything specific, because the matter was in doubt. But I did tell him he would get the most favourable consideration that I could give him, based upon the long period that he suggested—seventeen years. It went through the usual formula until it got to the Auditor General, and the Auditor General would not let the last six years count. Then he came back to me and we had negotiations with the Civil Service Commission. I had correspondence with Dr. Torrance; he wrote to me about it too, indicating that the amount that he was being allowed was less than he had anticipated. I wrote back and said I had recommended the amount that he wanted, but that the Auditor General would not let it go through. I presume that is one of the reasons the Auditor General is there—to check up anything that exceeds the exact regulations and to see that these things are subjected to the proper interpretation, which a great many of us cannot be expected always to have at our fingers' ends.

Mr. MANION: Before the clock strikes six, may I make a suggestion? There were a number of letters that the minister did not have on the file. I presume that this matter will go on this evening, and I suggest that he bring the remainder of the file with him.

Mr. MOTHERWELL: The hon. gentleman means the letter from Dr. Mohler and the correspondence with Dr. Torrance? I shall be pleased to produce those.

Mr. MEIGHEN: And particularly produce the evidence that Dr. Mohler expressed the opinion that we should not retain an official who would write that letter.

Mr. MOTHERWELL: Oh, he would not put that on file.

Mr. MEIGHEN: No, I do not think he would put it on file or on his lips or anywhere else, and never did.

Mr. MOTHERWELL: Oh, yes.

Mr. MEIGHEN: It is merely a pipe dream on the part of the minister.

Mr. MOTHERWELL: I will venture the guess that there was not an officer in Washington in the department concerned by whom this was not a subject of conversation, and just of the nature I have suggested.

At six o'clock the Speaker resumed the chair and the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 105, respecting a patent of Thomas Williams Pritchard.—Mr. Boys.

Bill No. 106, respecting The General Animals Insurance Company of Canada.—Mr. Ryckman.

Bill No. 107, for the relief of Amy Selain Slater Therrien.—Mr. Jacobs.

Bill No. 108, for the relief of Harold Adrian Proctor.—Mr. Garland (Carleton).

Bill No. 109, for the relief of Harry Charles Arthur.—Mr. Martell.

Bill No. 110, for the relief of Tony Bazar.—Mr. LeSueur.

Bill No. 111, for the relief of Gordon Johnston Hutton.—Mr. Stewart (Hamilton).

Bill No. 112, for the relief of Douglas Carlyle Bell.—Mr. Ross (Kingston).

Bill No. 113, for the relief of Elma Catheryne Caulfield.—Mr. Ross (Kingston).

Bill No. 114, for the relief of Alice Bertha Boyce Baker.—Mr. Spence.

Bill No. 115, for the relief of John Lee Williamson.—Mr. Church.

[Mr. Manion.]

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 38, respecting the Esquimalt and Nanaimo Railway Company.—Mr. Humphrey.

CANADIAN NATIONAL RAILWAYS

BILLS PROPOSED TO AUTHORIZE THE CONSTRUCTION OF BRANCH LINES

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee to consider Bill 31, respecting construction of a Canadian National Railway line between Grande Fresniere and Rinfret Junction.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

GRANDE FRESNIERE—RINFRET JUNCTION

Mr. GRAHAM: Suggestions were made in committee by the ex-Minister of Finance (Sir Henry Drayton) and by the hon. member for St. John (Mr. Baxter). The amended bill provides that the average mileage of each line and the cost per mile shall be stated. In one bill there was a suggestion that a fuller statement than we had proposed in the original bill as to expenditure and so on shall be provided and placed on the Table of the House each year. An amendment was proposed by the hon. member for St. John (Mr. Baxter) that the construction of the line should not begin if, after final estimates had been given by the engineers, they were of the opinion that the line would cost more than the amount stated in the bill. I think these were the three things.

On section 1—Power to construct and complete line described in schedule.

Sir HENRY DRAYTON: This is a branch line connecting with the Huberdeau line.

Mr. GRAHAM: Yes.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.'

Sir HENRY DRAYTON: We are not objecting to the line. It is a proper one to be built. But we will have to adhere to the principle we invoked last year, that the amount to be guaranteed to any Canadian National line shall be shown in the estimates, as has already been done in reference to past construction. The bill as it stands does not require that. I therefore, move that the following proviso, which gives the right to the

government to guarantee, shall be added to this section:

Provided the amount so to be guaranteed shall first be included in the Estimates and voted by parliament for that purpose.

This was thoroughly debated last session, and there is nothing new in it. Our position still is that parliament should be in control of all matters of capital expenditure year by year, and we contend that the control of parliament is lost if the bill is put through in this form. The other point that we think of great importance is that unless the amounts so to be spent are included in the annual budget of the railways submitted to the House there is no proper basis of comparison, and we are changing in a very vital manner our past practices, thus forbidding anything like a proper comparison. For those reasons, which were urged at great length last session, I move this amendment.

Mr. GRAHAM: This matter, as my hon. friend says, was very thoroughly discussed last year and parliament decided that the three-year programme, as we have outlined it, is the more practical way of constructing these lines. There is a precedent in the way, not of a guarantee, but of a straight vote of cash, in which the item did not appear at all at any time in the Estimates. That is the grant to highways. There are many other statutory payments as regards which the items appear in the Estimates only as a matter of record and guidance noted as "paid by statute." and are not voted year after year.

Mr. MEIGHEN: What are those?

Mr. GRAHAM: Technical Education, Employment Service of Canada, Aid to Agriculture and the Highways Grant did not appear in the Estimates at any time. I speak having some knowledge because the highways were in the same department over which I am now presiding, and I know the reasons which actuated the government then in not putting those items into the Estimates. If those items were placed in the regular Estimates each year, they would be confined to a certain expenditure. The amount to be expended each year on highways depended altogether upon the amount that the provinces to which this grant was given would expend; but nevertheless, this expenditure was, to a certain extent, under the control of the Department of Railways and Canals, because no money could be paid out of the consolidated revenue of Canada except on the report of the engineers of the Department of Railways and Canals and the approval of the plans and of the construction as well. It was practical to do this in that way, although it was somewhat of a departure. This is practical, and I submit that even if there were no precedent, it is time that we had one. Take the construction of branch lines scattered throughout the Dominion of Canada. If you have a vote each year, there is a constant fear of interference with construction. because each year the estimates have to be voted. To-day we find ourselves asking for authority to construct these lines, but they cannot be commenced before these bills pass through this House, go through the Senate and are signed by the Governor General and approved. If there were estimates, the case would be just the same. The estimates are not before the House yet, and we would be dragging along with our estimates until June or, perhaps, later. In this way, while no control is taken away from parliament, because provision is made in the bill that every expenditure and proposed expenditure must be placed on the table of the House each year for discussion by parliament, action can be taken on this construction each year. But there is this great advantage, that construction is continuous until the expiration of the act. Next year, say during the winter, on account of this act being in force for three years, the companies who have charge of this construction can get out their ties without any fear of having their railway construction stopped on account of the estimates. They can proceed with their construction on the very first day that the season of construction opens. Consequently, before harvest time comes, when so many men are wanted, particularly in the West, they will have a great deal of construction done. I will give a concrete example. In 1920, if I remember correctly, one-half approximately of the branch lines that we are now asking for power to complete were started under an estimate. Had there been a three-year programme, one-half of the lines which we are now asking for power to construct, would have been constructed and the trains running over them; but no estimate was asked for in a later year and the construction stopped. The only practical way to work out this construction is on the basis of a three-year programme, with full particulars of everything done and proposed to be done to be laid on the table each year for the consideration of members.

Mr. MEIGHEN: I have heard the minister's argument on this point several times, and I have no doubt that he has heard me express my contentions several times. Nevertheless, I purpose repeating them, because, needless to say, I have not in the slightest

degree altered my view, and it becomes more and more firm every time I hear the minister express his views. The minister says: The reason we do not want to come to parliament for this appropriation each year is, first, that there are precedents in respect of other legislation where a several years' programme was provided and where the money did not require to be voted to be spent each year. He cites some at my request. I will deal with this argument first. There is no precedent in connection with the National Railways. From the very commencement of that enterprise, every dollar from the beginning to the end of the year each year was voted by parliament, whether it was to be raised by way of specific loan to the enterprise or by way of guarantee, and it is of some importance that the books of this country present a sequence; that we do not keep turning and twisting our method of bookkeeping and thereby confusing the whole electorate and taxpayers of Canada. This is what we are doing in more spheres than one now. But there is no precedent, not only in the National Railways, but in anything else, save based on a definite principle, and that principle sticks out from every case cited by the minister. What were the cases he mentioned? He mentioned the Technical Education Act, the Agricultural Instruction Act, the Employment Service of Canada and the Highways Act. Those were the four. I do not think there are any more. The minister knows just as well as I the great difference in that class of cases from the ordinary case. What is the difference? Why, there we were passing legislation for co-operative work with other governments. The other governments had to have the basis of a statutory enactment. They had to know whether they would enter into this construction extended over a period of years with the government of Canada. They wanted to know what they could depend upon. This was, in a word, not something wholly within the compass of this parliament; it was something that depended upon the will of another body over which we had no control at all, which was not our creation, a distinct and separate government. That applies to the whole of them. The hon. member for Marquette (Mr. Crerar) will remember all this because he was in the government then.

Mr. CRERAR: I have just come in and I did not catch the first part of my right hon. friend's remarks.

Mr. MEIGHEN: I am calling attention to the distinction of the cases where we have passed legislation providing for statutory annual payment up to a definite maximum each year, without the necessity of coming every year to parliament for a vote. The cases cited by the minister were Technical Education, Agricultural Instruction, Highways and Employment Service. Each and every one of them was a case in which there was co-operation with other governments who contributed their share. I know of no other case.

The minister said that we are going to establish a precedent now if we never had one before. I submit that in the first place this utterly destroys the sequence of our bookkeeping; and if the minister is going to take this course, then for goodness' sake let him put a curb on the tongue of his Prime Minister or some of the other ministers, maybe his own, instead of continually coming to the House and saying, "Just look at the estimates; see how much less they are than those of last year. Behold the economists now in power!" For the sake of presenting intelligently to the people of Canada the real state and currency of public affairs, do not let us keep changing our methods of bookkeeping. If we are bound to do so we shall; but we certainly do not have to in the present instance. "But," says the minister, "we have to get out ties and we want to know whether or not we shall be able to go on. We are building so many miles this year and we want to know just what we shall be able to do in this direction next year." Well, have we never built lines before? What is the obstacle now? The minister knows that the government of which he was a member, when it built the National Transcontinental, came to parliament every year for the money that was required; and I never read in Hansard in those days, nor did I hear while I was in the House, any complaint from the minister or any suggestion that there was a handicap in the government's having to do this. The minister objects that he has to wait for the vote. How long is he obliged to wait? No sooner has parliament met than the government can secure an appropriation; they can get one-sixth right away. There is absolutely nothing in the world to hinder them from doing this any year. The minister must realize that it is all a humbug to talk about having to wait until parliament votes the money. There has been no difficulty at all in getting preliminary estimates passed. Why not accept the amendment? I should like a suggestion from the minister before I sit down. I am quite sure that he would not be hampered in the slightest if he accepted the system suggested, and it would preserve the sequence of the methods of bookkeeping

and enable the public really to judge of the comparisons of one year with another.

The minister said that we had control anyway. My contention is that we have no control, and I should have pointed that fact out before. We have no more control after we have committed ourselves. It is true we could repeal the act; but we could also repeal the Agricultural Instruction Act or any similar act. But that would not be the right thing to do in the case where we have a contract with other governments; it would not be honourable. The minister argues that we have control even though we may not vote the money every year, because parliament must be told each year what is to be done, so that parliament can complain and grouse about it if it wants to. That is true. But what is the use of doing that when parliament has no check? And then the next breath the minister says that if in 1920 the late government had adopted the course which is now proposed, instead of the course it then took, the roads would have been built. What does that mean? It means that if we had put a bill through and tied the hands of parliament, whether or not we felt we could afford to go on from year to year, we would have had the work done. Is that consistent with the minister's contention that parliament has control? The fact is that in that case parliament would have no control. So that we are taking out of the hands of parliament its primary function in the control of annual expenditure. That is the first duty of the House, and if we are going to establish this precedent now where shall we end? We could advance in respect to any mortal thing just the argument that the minister is making to-night. For instance, in the construction of this building, the minister of that day could have stood up and said: "We do not want to have to come to parliament every year because we may find ourselves, with the foundations laid, unable to proceed, and parliament might refuse to vote the money. The contractor wants to know whether he will be able to go on next year and the year after that and for that reason we do not want to be under the necessity of coming to parliament every year." That is exactly the argument which the minister is presenting at the present time; and I say that if we adopt any such course the temptation to every government will be to do the same thing and we should be in a hopeless mixup and the public in a worse.

Mr. GRAHAM: The matter was so thoroughly discussed last year, when it was approved of by parliament, that I do not intend taking up the time of the committee at any great length to-night. I outlined in committee the method of financing the undertaking but it was not discussed; and while I fully expected my right hon. friend to raise the point he has brought up, I really do not think that there is anything in it. I am not speaking with any intention of being discourteous. Parliament has just as much control in the matter as it has ever had, for a full statement is given to the House every year. My right hon. friend suggested that we could repeal other acts, such as the Highways Act, but that inasmuch as they involved co-operation with provinces it would not be honest to do that. In other words, if such an act had no reference to any province it would be all right to repeal it. Now, if it were found that there was something radically wrong there is no question that any of these bills could be repealed as easily as an estimate can be dropped. But for practical purposes I submit again that the method we propose is the most advisable, under present labour conditions and the conditions generally in the country which are of a character that did not prevail at all when the Transcontinental was constructed. The conditions in relation to the Transcontinental were different from those under which the work in this case is being done, because labour was especially provided for in the case of the Transcontinental, whereas in connection with these branch lines the labour that is available in the particular district will be utilised, it is expected, without interfering unduly with the farmers' help in the busy season. Parliament undoubtedly has full control in the matter, but this I say is the practical way of doing it. The government, the railway board and the engineers are of the opinion that the lines could be built fairly expeditiously and at a minimum cost, and there is nothing to hide nor is there any intention of hiding anything.

Mr. MEIGHEN: How does the minister distinguish these branch lines from the hundreds of branch lines that have been built before?

Mr. CHAPLIN: The minister is constructing the Welland canal, but he does not take in respect of that work, the position he holds now. He lets a contract in that case, to run, say, three or four years, but each year he comes to parliament with his estimates so that parliament can decide what money shall be spent in any particular year. This is all we ask in respect of these railways.

Mr. STEWART (Argenteuil): The controversy seems to be as to whether we shall vote a definite sum for a period of three years if the bill is passed.

Sir HENRY DRAYTON: We do not vote anything.

Mr. STEWART (Argenteuil): Each one of these lines calls for a fixed sum.

Sir HENRY DRAYTON: We are voting nothing; this is not a voting bill. The bill is to get away from that. The whole question is whether we are to vote funds or not.

Mr. MEIGHEN: The mind of my hon. friend (Mr. Stewart) is in the right state, and I hope he will not have it affected by contact with his colleague the Minister of Railways.

Mr. STEWART (Argenteuil): My understanding was that there was to be a fixed sum in each of the bills.

Mr. MEIGHEN: But we are not getting a chance to vote it.

Mr. STEWART (Argenteuil): Is it not in the bill?

Mr. MEIGHEN: We are asked to pass the bill.

Mr. STEWART (Argenteuil): I think there is a fixed sum attached to each bill and beyond that the railway board cannot go unless they secure a further sum for the purposes for which it is required. My hon. friend says that annually we should put that sum in the estimates of the proposed amount to be spent that year. If that is done, each year the contractor or the board will have to await the vote before they make their arrangements to carry on the work, which undoubtedly means, as my hon. friend knows perfectly well, that it will be at least June before construction work is started, quite apart from the purchase of ties.

Mr. MEIGHEN: Was it June in the case of the National Transcontinental? Was it June in the case of the Grand Trunk Pacific? Was it June in the case of the branch lines that are already mostly built? In respect of every one of these there was a vote.

Mr. STEWART (Argenteuil): Both my hon. friend and I are familiar with the railway guaranties given by both the federal and provincial governments. For example, $20,000 a mile was guaranteed on a certain mileage of road. Parliament voted it and the government were given authority to pay it out on progress estimates. My recollection is that we did not vote the money annually by way of estimates.

[Mr. Chaplin.]

Mr. MEIGHEN: We voted every dollar.

Mr. STEWART (Argenteuil): I have a perfectly clear recollection of the provincial procedure. I merely mention it in passing as the method by which construction was carried on. There was no cessation of construction; it went on continuously until the amount voted by parliament for the specific purpose was exhausted. Now you have here a three-year contract. I have no particular desire to withhold anything from parliament, but my understanding is that we are voting for each one of these lines a certain specific sum of money—if I am wrong I should like to be corrected—and that it is to be spent over a period of three years. If that is the case, I fail to see that parliament has not full control of the amount voted specifically for each line. If that amount is exhausted, certainly parliament will be called upon to vote more money. If we were not voting this specific amount I am not sure that there would not be a good deal in the contention of my hon. friend, but under the circumstances I cannot see why we have not complete control.

Sir HENRY DRAYTON: Why would not everything the minister says apply to the Welland canal or any other public work?

Mr. STEWART (Argenteuil): I do not know the conditions surrounding the Welland canal. My argument is that you are voting, for example, $2,000,000 by the enactment of this bill, and you are consulting parliament now as to the amount that will be expended upon each one of these branch lines.

Mr. MEIGHEN: Why should this parliament decide what the next parliament may do?

Mr. STEWART (Argenteuil): There may be something in that contention. But my hon. friend is arguing that parliament has no control over the expenditure. I contend that parliament has absolute control under this bill.

Mr. MEIGHEN: I argue that parliament has no control year by year as it ought to have over all expenditure year by year. Think of a Liberal government, boasting its liberalism standing here between parliament and its rights in a case which is not distinguishable in any degree from any public works that have been undertaken for the past fifty years!

Mr. GRAHAM: I am not going to follow my right hon. friend, because I have stated the case from the pure business standpoint, and my friend the Minister of the Interior

has supported my argument. I am not sure after all that it would not save this country money if in every public work the full amount of the expenditure was put in at the start, either in the bill or otherwise.

Mr. MEIGHEN: Does the minister favour that?

Mr. GRAHAM: My hon. friend as a member of former governments has consented to start a work costing $200,000 on a $20,000 estimate. Unless a member has had experience he will imagine he is voting for a $20,000 expenditure, and in the absence of a full explanation he will be surprised when year after year the vote eventually runs up to $200,000. Now, we are inserting in these bills the full cost of construction, and a clause, suggested by the hon. member for St. John (Mr. Baxter) has been added that if the engineers find after final surveys that the work is likely to cost more than this amount, construction is not to be started until after we have come back to parliament. That is pretty good control.

Mr. MEIGHEN: Has not that control always existed?

Mr. GRAHAM: No.

Mr. MEIGHEN: Of course it has in every other case.

Mr. GRAHAM: The clause suggested is not in any other bill that I know of.

Mr. MEIGHEN: Certainly it is not, because in the other cases the money is voted year by year; why in the world would it be inserted there? How does he think the country is going to save any money merely because it is stated in the bill in the first place what the total cost is to be? If it turns out that the cost is more, you just come back to parliament and get the extra money; that is all.

Mr. GRAHAM: My hon. friend does not catch the point. Before the company start this work if they find out it is going to cost more than the amount stated they have to come back to parliament before they spend any money on construction at all; while with the usual estimate, after you have spent $10,000 or $20,000 you cannot stop even if in the long run the total cost exceeds $200,000.

Mr. MEIGHEN: Suppose the engineers turn out to be wrong in their estimate?

Mr. GRAHAM: There is a possibility of that always, but we have to depend on human agencies. In the estimate, I suggest the engineers know when they start that the work will cost $200,000, but only $20,000 is asked in the estimate, and those of us not in touch with the situation would be committing the country for $200,000 when we thought we were only committing it for $20,000. In this case every member knows exactly the amount intended to be expended on each branch line. Let me point out that I am informed that in the United States all large contracts for public works are voted for a term of years with the entire amount expected to be expended contained in the first vote. They have to report progress to congress each year with full information of what has been done, but until the amount voted in the first estimate is exhausted congress is not asked for any further vote. That is the principle of this bill.

Mr. MEIGHEN: Suppose a work is to cost $10,000,000, and to be built over a period of ten years, is the whole $10,000,000 charged in the estimate of the one year in the comparison of that year with another?

Mr. GRAHAM: I do not know how the bookkeeping works out, but I do know they state the whole amount in the estimate for the entire work; at least full information is given as to the entire work.

Mr. MEIGHEN: Certainly; and in this parliament too.

Mr. GRAHAM: There is nothing new in this, it is a purely business proposition. It was the same in respect to our highways, where parliament had power to step in any year.

Mr. MEIGHEN: As I understand the minister, certainly the legislative body gets full information. And we ought to get every time all the best information the engineer can give of what the total expenditure will be. But to suggest that the United States Senate and House of Representatives vote one year the money that is to be expended over a long period of years in great enterprises—why, does the minister suggest that the cost of the Panama canal was voted in one year?

Mr. GRAHAM: I do not know what legislation was in force then.

Mr. MEIGHEN: There would be no continuity in the estimate at all then. Do what is done in the United States; that will be satisfactory to us.

Mr. STEWART (Argenteuil): We are voting for this particular line, $357,000, and we are asking that construction may be over a period of three years. The amount may be expended in two years if the work is carried

on successfully. I confess I have no particular objection to what my hon. friend says, except this: You will run the construction to a late period in the summer if you have to wait annually for estimates for construction. If you vote $20,000 for this line this year and you spend the whole of that amount, no further work can be done until a new vote is taken after the 31st of March next.

Mr. MEIGHEN: What is the trouble about getting a new vote?

Mr. STEWART (Argenteuil): I do not suppose there would be any trouble. if parliament decides that this line shall be built. But you do stop the continuity of construction.

Mr. CHAPLIN: In what way?

Mr. STEWART (Argenteuil): Any railway construction in this country must be carried on before frost sets in, and if you have to wait for an estimate the next year, with a short season for railway construction, you will be into June before you can begin work again. Labour is a movable commodity in Canada; railwaymen desert railway work in the harvest season, particularly in the West, and that means that the cost of railway construction is added to. I would be the last to argue that any right should be taken from parliament or that parliament should not know exactly what is being done with the money voted. But when you vote this $357,000 for 12 miles of railway, there is absolute control under the provisions of the present bill, and you have a period of three years within which to spend the money if that length of time is required for the construction.

Sir HENRY DRAYTON: I do not like to see my hon. friend do so much violence to his principles. He does not want to take away parliamentary control. Well, he does not have to do it; he can stay by his principles if he wants to. In the first place, we are not voting money by this bill; we are simply enabling the government to exercise certain rights of guarantee. I am sure my hon. friend will be horrified to find that a single cent should be spent unless it is properly voted by parliament, but as I say we are not by this legislation voting a dollar. My hon. friend knows how votes are made effective. He knows about the Supply Bill; he knows about the statutory estimates. He knows that our supply bills are charges upon our consolidated revenue fund. He knows all about our system of bookkeeping, and checks here and checks there. He knows how these systems are used for the purposes of comparison in arriving at an idea of the value of services here and services there. These are the principles my hon. friend stands for, but they all go, so far as these lines are concerned. It is idle to talk about a three-year period within which construction may be completed. There is no reason why this little line should not be built at once, particularly in the prairies where no difficulties in construction are encountered, and the way to get these lines built at once is to have the votes appear in the year's estimates. My hon. friend is right in saying that railway construction work cannot proceed when the frost is in the ground, and that there is only a short season. But every autumn and winter the preparations can be made, material, ties and all that sort of thing got ready, for the commencement of work as soon as the frost is out of the ground. That is what always has been done under the annual vote. My hon. friend knows, too, that the vote is carried over for six weeks after the statutory year. and also that as a matter of course interim supply is voted. Looking at it in the light of his own principles, which he has already enunciated, my hon. friend, it seems to me, will have to vote against this proposition.

Mr. STEWART (Argenteuil): I am sure my hon. friend does not want to misquote me. I do not see that I am violating any principle. I understand perfectly well that the company may issue bonds,

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notes, or securities which the government may guarantee for the construction of these lines. My hon. friend says that these lines ought to be built in one year. I do not know whether that could be done, but it is obvious that there can be no guarantee beyond the amount specified in the act, and if you were voting the money direct the same principle would apply. As I understand it, my hon. friend is not objecting to the amount, $357,000; he simply says that such portion of that amount should be voted each year as may be required for that year.

Sir HENRY DRAYTON: My hon. friend has not quite got the point If there is to be any real consistency in the carrying on of the public business these items ought to appear in the estimates this year and just the same for the one year as for the three years.

Mr. STEWART (Argenteuil): I must confess that I cannot see the point.

Amendment (Sir Henry Drayton) negatived; Yeas, 11; Nays, 65.

Section as amended agreed to.

On section 4.—Mileage and cost are estimates only but not to be exceeded by more than 15 per cent.

Mr. MILLAR: In view of the fact that clause 5 is now incorporated in the bill—

The CHAIRMAN: We have not got to clause 5 yet, we are considering clause 4.

Mr. MILLAR: I wish to discuss clause 4 in the light of clause 5. I should like to ask the minister if 15 per cent is not rather small. As I understand clause 5, it means that should a re-survey of a branch line that has been already started disclose the cost to be more than 15 per cent above the amount named in the bill, the work will not be undertaken. In view of the fact that the cost of labour and of material fluctuates, and delay in construction work is sometimes caused by bad weather, a 15 per cent margin is very small. That would mean that many of the branch lines might not be built this year. If that is the case the situation is rather serious because many families in some of these districts are simply holding on believing they are going to have these branch lines this year. Should the lines not be built they intend to move out. I may be wrong in my interpretation of this clause and if so I should like to be set right.

Mr. GRAHAM: There may be something in what my hon. friend says. This provision of 15 per cent was placed in the bill to meet an objection which had been raised that the minister had too much authority and could go on under the old bill and spend all that he desired, as his estimates as to distance and cost were only approximate. I think the interpretation my hon. friend has drawn is all right, and being of that opinion I am inclined to believe it is not a bad idea to hold the engineers to the estimate. In the case of lines partially constructed they ought to be able to estimate pretty carefully, because in a good many instances all they are going to do is to lay the steel. It may be a small percentage as my hon. friend says, but the engineer assured me the other day in discussing this matter we were safe in fixing that amount in any of the estimates particularly in the case of those lines in which there had been partial construction.

Sir HENRY DRAYTON: I think that so far as the prairie lines are concerned there ought not to be the slightest difficulty, unless a sink hole is encountered or some unforeseen trouble. But I anticipate the only place where there may be trouble is where an expensive piece of bridge work has to be done or some extraordinary bit of country encountered. In the case of prairie lines I should think there would be absolutely nothing of the kind. The whole proposition was as to whether there was to be an absolutely free hand given without the slightest control. I do not think my hon. friend need worry about the way the section reads.

Mr. GRAHAM: There might be difficulty where rock was unexpectedly struck or something of that kind, or where deep cuts were needed, but provision for that would be made in the final estimates. In the construction of prairie lines I do not think there will be any difficulty.

Mr. LEWIS: I think the limit is quite adequate. If the engineers have made a careful survey of the line they ought to be able to tell within 15 per cent of what the estimated cost would be. If rock should be struck, where there has been partial construction, as the minister suggested, and the amount is insufficient, the matter could be rectified the following year.

Mr. GOULD: But if construction was to take place this year, and by chance 15 per cent was not sufficient to complete the line to, say, within one mile of its terminal, that would be a very serious difficulty, and very great hardship might result. I am inclined to take the same view as my hon. friend (Mr. Millar).

Section agreed to.

On section 8—Statement to parliament annually.

Sir HENRY DRAYTON: There are a couple of changes which ought to be made here although the minister will think they are merely formal. Doubtless my hon. friend's idea there about presenting these returns to parliament is that they should come down when the other statutory returns are called for. It would not be fair to parliament to table them at the end of the session.

Mr. GRAHAM: Oh, no.

Sir HENRY DRAYTON: I think what my hon. friend contemplates is bringing down the statement during the first ten days of the session.

Mr. GRAHAM: No doubt.

Sir HENRY DRAYTON: Then I would move with my hon. friend's consent, that the

first line should be changed so as to read "The minister shall present to parliament during the first ten days." Just add the words "the first ten days."

Mr. GRAHAM: Carried.

Sir HENRY DRAYTON: The other point is that a statement might be submitted that would simply show the results in gross. I think the different activities, whatever they are, should be shown. So I would suggest inserting the words "in detail" after the word "showing."

Mr. GRAHAM: In what line?

Sir HENRY DRAYTON: In line three, to have it read "showing in detail."

Mr. GRAHAM: The few amendments we have here will go into the other bills; the amounts only will be different.

Amendment agreed to, and section as amended agreed to.

Bill reported, read the third time and passed.

KAMLOOPS-KELOWNA DIVISION

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 33, respecting the construction of a Canadian National Railway line, Kamloops-Kelowna division, province of British Columbia.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On section 1—Power to construct and complete line described in schedule.

Mr. GRAHAM: The same amendment will be inserted in this bill, except the schedule.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON: This line is in the same position as the other line, and we think it is a line that ought to be completed. I desire to move the same amendment as I moved to the last bill, and I presume the hon. minister would like my speech to be taken as read.

Mr. GRAHAM: Yes.

Sir HENRY DRAYTON: The amendment reads:

Provided the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

[Sir Henry Drayton.]

I do not want to delay the House by taking a vote. I am quite content that the amendment should be declared lost on division, the whole Conservative opposition voting in favour of the resolution, and the whole Grit party voting unanimously against it.

Mr. GRAHAM: Very well.

Amendment (Sir Henry Drayton) negatived on division.

On section 3—Certificates of minister as to mileage of said line of railway.

Sir HENRY DRAYTON: The minister agrees to exactly the same amendments as were made in the last bill.

Mr. GRAHAM: Surely.

On section 8—Statement to parliament annually.

Sir HENRY DRAYTON: This clause is to be amended, by adding after the word "during" in the first line the following words:

The first ten days of.

Mr. GRAHAM: Yes, and after the word "showing" the words "in detail" are to be added.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

PEEBLES, NORTHERN SASKATCHEWAN

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 41, respecting the construction of a Canadian National railway line from Peebles southerly in the province of Saskatchewan.

Motion agreed to, and the House went into committee, Mr. Marcil (Bonaventure) in the chair.

On section 1—Power to construct and complete line as described in schedule.

Sir HENRY DRAYTON: There is no objection from this quarter of the House to this bill. It is a bit of line that we think ought to have been built before.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON: In connection with this section, you will please note the amendment made to the other bills and defeated. To save time, I am perfectly willing

that they should be considered as now put and lost on division. I move that section 2 be amended by adding thereto the following words:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of" and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

GRAVELBOURG-NEIDPATH EXTENSION

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 42, respecting the construction of a Canadian National line extending the Gravelbourg branch to Neidpath, in the province of Saskatchewan.

Motion agreed to and the House went into committee, Mr. Marcil (Bonaventure) in the chair.

On section 1—Power to construct and complete line as described in schedule.

Sir HENRY DRAYTON: This line also is a railway which we think ought to be built, indeed, ought to have been built before now.

Mr. LEWIS: I want to make just a little explanation while this bill is going through. When this matter was in the resolution stage, I spoke on behalf of this line being connected up with Swift Current, and the Swift Current paper made a comment on the situation that the bill was not providing a railway running into Swift Current. The Regina Leader took up the situation and said: How could they expect the government to approve a railway running into Swift Current when the hon. member for Swift Current was opposed to the railway policy of the government? I should like to know just when I was opposed to the branch line policy of this government. This bill has been before parliament for two years and never has it been the government's intention to extend the railway from Neidpath into Swift Current. I have spoken on this bill for three years in succession and placed before parliament the arguments why the line should be completed to Swift Current. The hon. member for Maple Creek (Mr. McTaggart), whose constituency is in close proximity to the line spoke in favour of the situation also. I called on the Minister of Agriculture (Mr. Motherwell) to speak on behalf of it, and he said that he understood the people of Swift Current wanted the line, but that he felt there were far more important branches needed in the rural district and, until they were completed, he did not feel that this line was essential. All I want to say is this, that so far the government has never suggested that this line be brought into Swift Current. Furthermore, I understand that railways are out of politics, and even if I were against the government's branch line policy, they would not penalize a member or jeopardise a city just because I was against the bill. Moreover, I understand that this policy is being brought forward by the National Railway Board and not on account of politics. For that reason I think the Regina Leader is altogether out of order. I trust the government's policy in this respect.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorise guarantee thereof.

Sir HENRY DRAYTON: I move that the following words be added to section 2:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of" and after the word "showing" in the third line the words "in detail".

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

STE. ROSE DU LAC BRANCH—RORKETON

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee to consider Bill No. 43

respecting the construction of a Canadian National Railway line extending the Ste. Rose du Lac branch to Rorketon in the province of Manitoba.

Motion agreed to and the House went into committee, Mr. Marcil Bonnaventure) in the chair.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that the section be amended by adding thereto the following words:

Provided that the amount so guaranteed shall first be included in the estimates voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line, the words "the first ten days of," and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

TURTLEFORD-HAFFORD

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 48, respecting the construction of a Canadian National Railway line from Turtleford to near Hafford in the province of Saskatchewan.

Motion agreed to and the House went into committee, Mr. Marcil (Bonaventure) in the chair.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that this section be amended by adding thereto the following words:

Provided that the amount so guaranteed shall first be included in the estimates voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

[Mr. Graham.]

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line the words "in detail."

Amendement agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

KELVINGTON NORTHERLY

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee to consider Bill No. 50, respecting the construction of a Canadian National line from near Kelvington in the province of Saskatchewan northerly 13 miles.

Motion agreed to and the House went into committee, Mr. Marcil (Bonaventure) in the chair.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that this section be amended by adding thereto the following words:

Provided that the amount so guaranteed shall first be included in the estimates voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

PRINCE ALBERT-PADDOCKWOOD

Hon. GEORGE P. GRAHAM (Minister of Railways) moved that the House go into committee on Bill No. 51, respecting the construction of a Canadian National Railway line from Prince Albert to near Paddockwood, in the province of Saskatchewan.

Motion agreed to, and the House went into committee, Mr. Marcil (Bonaventure) in the chair.

On section 1—Power to construct and complete line described in schedule.

Sir HENRY DRAYTON: The position here is exactly the same, Mr. Chairman. This is a line which we think ought to be built; it is overdue.

Section agreed to.

On section 2—Company may issue securities, and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

That the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line, the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

EYRE-ACADIA VALLEY

Hon. GEORGE P. GRAHAM (Minister of Railways) moved that the House go into committee on Bill No. 52, respecting the construction of a Canadian National Railway line between Eyre, in the province of Saskatchewan, and Acadia Valley, in the province of Alberta.

Motion agreed to, and the House went into committee, Mr. Marcil (Bonaventure) in the chair.

On section 1—Power to construct and complete line described in schedule.

Sir HENRY DRAYTON: The position here is again the same. It is a line that should be built, and would have been built, if it had not been for my friend's desire to adopt a novel procedure last session. But it seems to me there is a mistake in the schedule. The mileage already graded is forty-two miles, and the mileage, including the existing grading, is stated to be twenty-five miles.

Mr. GRAHAM: They are going to put steel on the twenty-five miles.

Sir HENRY DRAYTON: That is, the twenty-five miles of steel will be put entirely upon the existing grade?

Mr. GRAHAM: Yes.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

That the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line, the words "the first ten days of,' and after the word "showing" in the third line, the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

ESTON-WHITE BEAR

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 53, respecting the construction of a Canadian National Railway line between Eston and White Bear, in the province of Saskatchewan.

Motion agreed to and the House went into committee, Mr. Marcil (Bonaventure) in chair.

On section 1—Power to construct and complete line described in the schedule.

Sir HENRY DRAYTON: This railway is in exactly the same position as the others. It is another prairie line that ought to be built.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line the words "in detail."

Section as amended agreed to.

Bill reported, read the third time and passed.

ST. PAUL SOUTHEASTERLY

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 55, respecting the construction of a Canadian National Railway line from St. Paul, in the province of Alberta, southeasterly 21 miles.

Motion agreed to and the House went into committee, Mr. Marcil (Bonaventure) in the chair.

On section 1—Power to construct and complete line described in schedule.

Mr. STEWART (Argenteuil): I would like the word "southeasterly" in the title amended to read "easterly." The Canadian Pacific and the Canadian National had some controversy about the line running south of the Saskatchewan. That, I understand, has been adjusted and the line will go in so as to give service to the people along the river. It is suggested that the one line would serve that north country by its diversion to the north. However, the engineers have been asked to make a reconnaissance of that country to see whether by going a little further north with this extension easterly from St. Paul they could give the needed service, when the line is built in between the Canadian National and the river, to the south.

Mr. STEVENS: This does not make any material change, does it, in the direction and location indicated to the committee on the maps when we were examining into the matter? If it does, of course we ought to scrutinize it with a little more care.

Mr. STEWART (Argenteuil): If the line runs in a southeasterly direction from St. Paul de Metis it certainly will not be of any service to Bonnyville and the thickly settled territory to the north of St. Paul. These settlers requested that another line be built 10 or 15 miles to the westward of St. Paul, which would mean two lines in that locality. By this line running a little more to the northward it might serve the locality much better and would still connect with the line coming in from the eastward.

10 p.m.

Mr. STEVENS: There is no material alteration in the general direction of this line?

Mr. STEWART (Argenteuil): No.

Mr. KELLNER: Is it the intention to use the present survey, or will there be an entirely new survey?

Mr. STEWART (Argenteuil): They would have to change the survey for this line, because it connects most directly between a point in Saskatchewan and St. Paul de Metis in Alberta.

Mr. KELLNER: I questioned the engineer very definitely on that point in the committee and he said they were going to use the same survey. I also asked about that other proposed branch: The request is that that line branch out at Ashmount and go up to the Cold Lake country, and he said it was one of the branches that they anticipated building some time, but not immediately. I tried to get him to make a commitment in the matter, because the provincial government are also considering building branches into that same territory.

Mr. STEVENS: The hon. member refers to what we described in the committee as the northerly route?

Mr. KELLNER: Yes. I thought it fair to the provincial government that the engineer should at least definitely state whether there was any prospect of their changing the route of this proposed branch and going farther north, and he said that was not expected at all, they were going to make use of the existing data.

Mr. STEWART (Argenteuil): I am going to ask that we be given the opportunity, unless it is impossible, to serve these people; it is possible to go closer to them than is contemplated by the proposed line. It is a very difficult thing to interfere with the engineers. We will have to abide by their decision after all.

Mr. SPENCER: It is my opinion that the country about which we are talking is so large that it cannot be served by one railway.

I think that a line will have to go somewhere along the proposed route. Perhaps it may go a little north but of course that will have to be left to the engineers. There will have to be another line running farther north probably starting from Ashmont and serving the country of St. Vincent, Rife, Bonnyville, Durlingville and tapping the Cold Lake country. I think this will be necessary because the country north of the Beaver river is a good country, and just as soon as there is railway transportation within reasonable distance there is not the slightest doubt in my mind but that it will be settled. The Minister of the Interior mentioned that there was a line going from Lloydminister in a northwesterly direction between the river and the present Canadian National line, and he intimated that this would serve those people as far as the river, possibly those just the other side of the river. I think that was his intention. It is pretty difficult without having a map before us to get hon. members to realize the huge distances that have to be traversed in that part of the country. For instance the distance from Vermilion to the river, Saskatchewan, is about forty-seven miles. Now if you split that country with a railway, as it is the intention to do, even then there are twenty-three odd miles before you get to the river. Then there are the very steep banks of the Saskatchewan river to be crossed before you reach the other side. Therefore I do not think that railway will be of very much service to the people on the other side of the Saskatchewan. Of course it would have to be left to the judgment of the engineers, but in my opinion if we are going to keep the people who are already settled in that country in great numbers—having gone in on the promise of a railway years ago—two railways will have to be constructed to serve that huge territory. Of course we realize that we cannot get all these facilities at once, but I do hope that the railway suggested in this bill will be started this year. I have had letters this last week from several people in that vicinity recounting the number of settlers who were losing heart and pulling out. They have been there for many years, and they hoped every year to see the railway come along. Up to the present time it has not come, and they now hear rumours that the route may be changed to this point or the other point. It is this very uncertainty that is losing us at the present time a number of settlers. I sincerely hope that if this bill goes through, as I hope it will, that it will be started this year.

Mr. STEWART (Argenteuil): Am I to understand my hon. friend does not want the amendment?

Mr. SPENCER: I have no objection to the amendment as long as the railway is not taken too far north. It could go northeasterly or southeasterly, but if the route followed is easterly I do not think there will be much harm done.

Mr. STEWART (Argenteuil): That is agreeable to me.

Mr. SPENCER: But it is my opinion that we cannot serve that country properly with only one railway.

Mr. KELLNER: Regardless of what the amendment provides there ought to be some information as to what particular township you expect to land up in when you get that twenty-one miles constructed.

Mr. STEWART (Argenteuil): My proposition is to leave it entirely to the engineer.

Mr. KELLNER: If you do that, in the event of the engineer being sincere in the statement to the committee, it will go right where the survey is now.

Mr. STEWART (Argenteuil): I cannot help that. I may say for the information of the committee that I had representations from a delegation that came down here from Bonnyville at considerable expense. These people have been in the country for sixteen years. I am not sanguine that the engineers will change this route but what I did ask them to do was to make a reconnaissance of the country from Ashmont via Bonnyville to Cold lake. If the line were to run in an easterly direction it might not serve the Bonnyville territory because they would have to travel a considerable distance to the railway.

Mr. KELLNER: Is it your opinion that one railway will serve that country?

Mr. STEWART (Argenteuil): I would not like to say.

Mr. GRAHAM: I suppose the real object of the amendment is to give the engineers a little more latitude rather than to tie them up to one location?

Mr. STEVENS: How does the amendment now read?

Mr. GRAHAM: That the line shall be easterly.

Mr. STEVENS: Instead of a southeasterly direction? Is that the only change?

Mr. GRAHAM: That is the only change.

Mr. STEVENS: It is in some township.

Mr. KELLNER: There is no township mentioned.

Mr. STEVENS: The schedule of the bill reads:

From St. Paul in a southeasterly direction to a point in or near township 57, range 6, west of the 4th meridian, in the province of Alberta.

Mr. STEWART (Argenteuil): The title reads now:

From St. Paul in the province of Alberta southeasterly twenty-one miles.

Mr. STEVENS: We are not concerned about that. That is merely a title.

Mr. KELLNER: I should like to point out that if this railway is going to end up in township 63 or 64 it will be an entirely different matter. You are getting the line away altogether from the settlement which is down along the Saskatchewan river.

Mr. GRAHAM: Township 57, range 6, it says in the schedule.

Mr. KELLNER: But if the road is run in an easterly direction it will probably end in township 63 or 64. The committee should have more information on the matter.

Mr. STEWART (Argenteuil): If the line is going to end in section 57 there is no use in amending the bill. We might as well leave it alone. I do not think it is a mistake, however.

Mr. SPENCER: Do I understand the minister aright that he considers the Elk Point country not as good as the Bonnyville country?

Mr. STEWART (Argenteuil): I would say they are about similar.

Mr. SPENCER: I think they are very similar. I appreciate the position the Minister of the Interior is in, having had a delegation down here, but the trouble is that I have had representations from two sources, pulling in opposite directions.

Mr. GRAHAM: Which direction do you pull in?

Mr. SPENCER: The largest representation is asking for the railway along the line of the original survey, but I realize that another railway has to be built to serve the people further north.

Mr. KELLNER: I think the Minister of the Interior has brought some of the trouble on his own head. I have a copy of a letter which appeared in the Edmonton Journal purporting to be from the Minister of the Interior to the Edmonton Board of Trade, and which reads:

I have been very busy securing an extension of this line from St. Paul de Metis eastward, and have succeeded in having an amount included in the branch lines bills. It does not necessarily follow that any particular location has to be adopted, and I am now prepared to discuss location with the delegation, and to press their views upon the engineers who will be in charge of the extension.

The Edmonton Journal comments on this letter as follows:

What the delegation is seeking is an extension of the St. Paul branch in a northeasterly direction toward Cold Lake, so that it may serve a better and more productive section of the country than if it were routed in a southeasterly direction along the Saskatchewan river, as originally planned.

I thought I would mention this matter because I am quite convinced that it would probably be a good idea to leave these branch lines to the judgment of the engineers; we are advised from time to time that there is no undue political influence used, and I would not say there was even political influence in this letter.

Sir HENRY DRAYTON: Pretty strong, but perhaps not undue.

Mr. KELLNER: I am willing to congratulate the minister on the careful wording of the letter. It is very carefully worded.

Mr. STEVENS: I would like to suggest, in view of the precedent laid down this afternoon in the peremptory discharge of an old civil servant for political interference with scientific procedure in connection with one department, that the minister who has undoubtedly allowed politics to enter into this important matter, interfering with the decision and opinion of the engineers, should be summarily dismissed and asked outright for his resignation. That would create harmony in keeping with the policy of the country.

Mr. STEWART (Argenteuil): I am delighted with the letter and glad to hear the statement of the hon. member for Vancouver Centre (Mr. Stevens). I am sure my hon. friend has often sought to work in the interests of his constituents. These are not my constituents; but I am interested in all the people in Alberta, and in any delegation that comes here, and I certainly will continue to try to use my influence to meet what I think are legitimate requests. If there is any harm in that then I am guilty. The Edmonton Board of Trade were interested in the line, and knowing the country as I do, I saw no harm in bringing it to the attention of the engineers, which I did. I got no promise from the engineers that they would

change the route. I did get a promise that they would make a survey of the whole country and make up their minds as to which was the best location to serve the people up there.

Sir HENRY DRAYTON: Perhaps the committee will excuse the minister if he promises not to do it again.

Mr. STEWART (Argenteuil): I will not promise that.

Mr. KELLNER: Will the minister explain if this statement that he was instrumental in getting a grant for an extension for 21 miles east of St. Paul de Metis is correct or was that done under the ordinary methods of procedure?

Mr. STEWART (Argenteuil): There is no grant. It is just in the same position as any other extension.

Mr. KELLNER: The hon. minister does not get my point.

Mr. STEWART (Argenteuil): Yes, I got it a long while ago. I get your point very frequently. Your point is to try to discredit anything that the Minister of the Interior might do in the vicinity of Edmonton. Now just keep right at it, so far as I am concerned. I am interested in all the people in the different localities. These branch lines are being discussed; delegations are coming here; letters are being written, and out of courtesy to the people who write the letters I have to take an interest in these things. In a sense the Board of Trade of Edmonton did make a request at the instance of the people in that locality, and I certainly have no apology to make.

Mr. KELLNER: What authority has the minister to make a statement that I was trying in any way to embarrass him? I have never done so in this House. If the reading of the letter is the trouble, I do not think the Minister of the Interior should be bothered.

Mr. STEWART (Argenteuil): Do you think the letter is material to anything that has transpired to-day?

Mr. KELLNER: I did not say it was.

Mr. STEWART (Argenteuil): Then what is the object of bringing it up?

Mr. KELLNER: There is one thing the minister might explain. He said he was instrumental in having a bill brought in in reference to the branch lines we are now discussing. That is not the function of the minister.

Mr. STEWART (Argenteuil): If suggesting this is one of the matters for the consideration of the railway board of the Board of Management of the Canadian National Railways or of the Canadian Pacific Railway,—because I have gone to both on the same mission, pressing the claims of these localities—is a crime, I have been guilty. Further than that I have not gone.

Sir HENRY DRAYTON: Would the minister be kind enough to tell us how to get in touch with the board? How is it done?

Mr. BELAND: Go to Montreal.

Sir HENRY DRAYTON: I do not think my hon. friend really knows. Will the minister not tell us how it was done.

Mr. STEWART (Argenteuil): I invariably see the chairman, Sir Henry Thornton.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that the section be amended by adding the following:

Providing the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that the section be amended by adding after the word "during" in the first line the words "the first ten days of;" and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

ROSEDALE SOUTHEASTERLY

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 61, respecting the construction of a Canadian National Railway line, being a joint section from Rosedale southeasterly in the province of Alberta.

Motion agreed to and the House went into committee, Mr. Marcil (Bonaventure) in the chair.

Sir HENRY DRAYTON: How many more bills has the minister that he thinks he will pass to-night?

Mr. GRAHAM: This is the last one. I am going to ask that the committee rise, and the House adjourn.

Sir HENRY DRAYTON: I hope my hon. friend will promise that after this bill is put through, the House will adjourn and we shall all go home.

Mr. GRAHAM: I cannot guarantee that my hon. friends will all go home. I will promise that the House adjourns.

Sir HENRY DRAYTON: We will look after the rest of it.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of" and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. GRAHAM moved the adjournment of the House.

Sir HENRY DRAYTON: Will my hon. friend tell me two things: First, what the business on Monday will be and, second, at what time we shall meet to do business on Monday? I think civic summer time goes into effect on Saturday at midnight.

Mr. GRAHAM: I think, following precedent, that we adhere to the time established in the municipality, the city of Ottawa. That will be daylight saving time. Let everybody put his clock on an hour. The business on Monday will be the estimates of the Minister of Labour, after that the estimates of the Minister of Trade and Commerce, and if we get through with those, I will try to take up railway bills again.

Motion agreed to and the House adjourned at 10.30 p.m.

Monday, May 19, 1924

The House met at three o'clock.

RESIGNATION OF MR. WALTER G. MITCHELL

Right Hon. W. L. MACKENZIE KING (Prime Minister): I see by the press that Mr. Walter Mitchell is desirous of having his letter to me regarded as a public one. While I do not know that it is customary to place on the Table correspondence respecting the resignations of private members, nevertheless I feel that hon. members of the House might wish to see a copy of Mr. Mitchell's letter and my reply thereto. I therefore beg to lay these letters on the Table of the House.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): In view of the fact that the resignation is plainly designed to test public opinion on the question of the budget, can the Prime Minister make any statement as to the probable date of the by-election in Mr. Mitchell's constituency.

Mr. MACKENZIE KING: The government has not yet decided on the date, but as soon as a decision is reached public announcement will be made.

UNITED CHURCH OF CANADA

Mr. L. H. MARTELL (Hants): Mr. Speaker, I beg to present the following petitions asking for the passage of the bill to incorporate the United Church of Canada:

Neil McAllister and 240 others, of the Presbyterian Church at Paisley, Ontario; J. W. Lotten and 98 others, of the Methodist Church, Tottenham; S. J. Baker and 51 others of Bishop's Mills, Ontario; Bessie Carson and 238 others, of the Methodist Church, at Moncton, N.B.; Mrs. Alex. McKay and 34 others, of the Presbyterian Church, Dorset; Isabell Fallows and 105 others, of the Methodist Church at Thamesford, Ontario; H. A.

Piper and 21 others, of Kensington Presbyterian Church at Montreal, Que.; Alton G. Reade and 15 others, of the Methodist Church, Rockport, N.B.; Jas. M. McCurdy and 61 others, of the Presbyterian Church, New Carlisle; P. W. Fairman and 364 others, of the Methodist Church, Trenton, Ontario; John Hastie and 302 others of St. Paul's Presbyterian Church, Orangetown, Que.; W. F. Kelloway and 24 others, of the Methodist Church, Rawden, Que.; Rev. A. E. Oliver and 29 others, of the Presbyterian Church, Pendleton, Ont.; Mrs. G. W. Hall and 47 others, of the Union Church at Chisholm; Milton L. Hinton and 79 others of the Methodist Church, Hastings, Ont.; Mrs. W. J. Cole and 167 others, of the Methodist Church, Queensville; Ernest C. Barker and 30 others, of the Union Church at Kelvington, Saskatchewan; J. W. Chesney and 71 others, of the Methodist Church, Kingston, Ont.; Melvin Halliday and 99 others, of the Congregational Church, Scotland, Ont.; Rev. D. F. W. Forsyth and 28 others of the Methodist Church, Huntingdon.

INDIAN RESERVE LANDS

Mr. ROBERT FORKE (Brandon): I beg to present the petition of the Nishga nation or tribe of Indians, praying that Bill No. 59, for the settlement of certain questions between the governments of Canada and Ontario respecting Indian reserve of lands be not passed until the issues which have been placed before His Majesty's Privy Council shall have been fully and finally determined, and that the House do all possible to expedite the full and final determination of the said issues and all other fundamental constitutional issues relating to the rights of the Indian tribes of Canada. This is signed by A. E. O'Meara on behalf of the Indians.

EXCHEQUER COURT ACT AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 116, to amend the Exchequer Court Act.

He said: The purpose of this bill is to widen the jurisdiction of the Exchequer Court to deal with matters which might be submitted to it after an arrangement or agreement between the Crown and other parties.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Does the hon. minister mean between the Crown and another party to an action in the court?

Mr. LAPOINTE: The purpose is to widen the jurisdiction of the court, so that the Crown could submit to the Exchequer Court any other question which is not already under their jurisdiction, provided the other party agrees to it.

Mr. MEIGHEN: Would the other party require to be a party of the action in the court before he could agree to it?

Mr. LAPOINTE: Yes.

Motion agreed to and bill read the first time.

EXPROPRIATION ACT AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 117, to amend the Expropriation Act.

He said: The purpose of this amendment is to enable the government or contractors to carry out blasting operations which may be necessary in connection with the execution of any public work without proceeding to expropriate. At present the Crown must expropriate the whole property, while it may be possible that the damages are not of such a nature as to warrant expropriation. Under this measure we will pay the damages and proceed with the blasting operations.

Motion agreed to and bill read the first time.

COMPANIES ACT AMENDMENT

Hon. A. B. COPP (Secretary of State) moved for leave to introduce Bill No. 118, to amend the Companies Act.

He said: The provisions of this bill are practically the same as the provisions of the bill which passed this House last session. A number of amendments were put through last session, but the Senate did not pass the bill, and therefore we are presenting it again this year.

Motion agreed to and bill read the first time.

REVISION OF THE STATUTES

Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 119, respecting the Revised Statutes of Canada.

He said: This bill is on exactly the same lines as the bills which have been passed every time the statutes have been revised, for the purpose of defining the powers of the commissioners and to authorize the bringing of the provisions of the bill into force. It is practically the same as the law of 1919.

Mr. HANSON: Has the commission been appointed, and who are the members of it?

Mr. LAPOINTE: The commission has been appointed, but I cannot from memory

give the names of the commissioners. I will give my hon. friend the names later.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CANADIAN NATIONAL RAILWAYS—GRAIN STATISTICS

Sir HENRY DRAYTON:

1. How many tons of grain and grain products did the Canadian National System haul in western territory to the head of the lakes during the calendar year 1923?
2. In making this haul, what was the resultant total of tons on this traffic carried one mile?
3. What was the average length of haul of this traffic?
4. What additional total gross revenues would have been earned had this traffic been carried under existing rates on similar traffic in the United States?
5. How many tons of grain and grain products did the Canadian National System haul in western territory to Vancouver in the calendar year 1923?
6. In making this haul, what was the resultant total of tons of this traffic carried one mile?
7. What was the average length of haul of this traffic?
8. What additional total gross revenues would have been earned had this traffic been carried under existing rates on similar traffic in the United States?
9. What was the total percentage of grain and grain products hauled in western territory to the entire tonnage of that territory in 1923?
10. What percentage of the entire ton-mileage in the western territory in the year 1923, did the carriage of grain and grain products entail?
11. What was the percentage of the total revenue earned in western territory in 1923 by the carriage of grain and grain products?
12. What was the average rate per ton-mile earned by such traffic in said territory and year?

Hon. Mr. GRAHAM:

1. Grain only 4,602,847 tons; grain and grain products—the latter estimated, 4,664,718 tons.
2. Grain only, 4,013,227,697 tons; grain and grain products, 4,067,167,624 tons.
3. Estimated average haul 860 miles.
4. Estimated, $13,528,682.
5. Grain, 258,259 tons; grain and grain products, 216,746 tons.
6. Grain 233,631,014 tons; grain and grain products, 236,785,494 tons.
7. Estimated average haul 896 miles.
8. Estimated $366,444.
9. Grain, 42.2 per cent; grain and grain products, 44 per cent.
10. If carried to the head of the lakes and Vancouver, 58.77 per cent.
11. If carried to the head of the lakes and Vancouver, 41.38 per cent.
12. Average rate to Fort William 00499 cents; average rate to Vancouver since reduction in rates, October 22, 1923, 00552 cents.

[Mr. Lapointe.]

HOME BANK INQUIRY

Mr. HARRIS:

1. What counsel on the Home Bank inquiry are paid by the government?
2. What fees and expenses are allowed each of the counsel so employed?
3. What legal firm is Mr. H. J. Symington, one of such counsel, a member of?
4. Has such legal firm acted for the United Grain Grower's Company of which Mr. T. A. Crerar is president?

Hon. Mr. LAPOINTE:

1. Eugene Lafleur, K.C., and H. J. Symington, K.C.
2. Mr. Lafleur receives $250 per day and his expenses.

Mr. Symington's fees have not been stipulated.

3. The firm of Hudson, Ormond, Spice & Symington, of Winnipeg.
4. The government is not informed.

CANADIAN PACIFIC RAILWAY—GRAIN STATISTICS

Sir HENRY DRAYTON:

1. How many tons of grain and grain products did the Canadian Pacific Railway haul in western territory to the head of the lakes during the calendar year 1923?
2. In making this haul, what was the resultant total of tons of this traffic one mile?
3. What was the average length of haul of this traffic?
4. What additional total gross revenues would have been earned had this traffic been carried under existing rates on similar traffic in the United States?
5. How many tons of grain and grain products did the Canadian Pacific Railway haul in western territory to Vancouver in the year 1923?
6. In making this haul, what was the resultant total of tons of this traffic carried one mile?
7. What was the average length of haul of this traffic?
8. What additional total gross revenues would have been earned had this traffic been carried under existing rates on similar traffic in the United States?
9. What was the total percentage of grain and grain products hauled in western territory to the entire tonnage of that territory in 1923?
10. What percentage of the entire ton-mileage in the western territory in the year 1923, did the carriage of grain and grain products entail?
11. What was the percentage of the total revenue earned in western territory in 1923 by the carriage of grain and grain products?
12. What was the average rate per ton-mile earned by such traffic in said territory and year?

Hon. Mr. GRAHAM:

1. 5,874,406.
2. 4,798,857,468.
3. 817 miles.
4. $18,798,099.20.
5. 625,524.
6. 487,024,358.
7. 721 miles.
8. $1,148,390.80.
9. 54.9 per cent.
10. 65.1 per cent.
11. 44.1 per cent.
12. 56/100.

PICTOU-CHARLOTTETOWN STEAMSHIP SERVICE

Mr. JONES:

1. Was a subsidy paid for steamship service between Pictou and Charlottetown during the year 1923?
2. If so, what was the amount of the subsidy so paid?
3. What is the name of the steamer performing said service and who are the registered owners of this steamer?
4. Was a subsidy paid for a similar service in the year 1921?
5. If so, what was the amount of the subsidy so paid and with whom was the contract made?

Hon. Mr. LOW:

1. Yes.
2. $7,769.23.
3. Steamer Magdalen, owned by the Georgetown Steamship Company, of Pictou, Nova Scotia.
4. Yes.
5. $2,000. Contract made with the Pictou-Charlottetown Steamship Company, of New Glasgow, Nova Scotia. This service was found to be unsatisfactory.

INCOME TAX

Mr. RINFRET:

1. What was the revenue of the government from the income tax, in 1920, 1921, 1922 and 1923, respectively?
2. What did it cost the government to collect said revenue during 1920, 1921, 1922 and 1923, respectively?

Hon. Mr. ROBB:

1.

Fiscal Year	Business Profits	Income Tax	Total Revenue
1919-20..	$44,145,184 48	$20,263,739 91	$ 64,408,924 39
1920-21..	40,841,401 25	46,381,824 31	87,223,225 56
1921-22..	22,815,666 58	78,684,354 80	101,500,021 38
1922-23..	13,031,461 80	59,711,538 37	72,743,000 17

2. Fiscal Year

1919-20..	$1,143,111.72
1920-21..	1,953,988.54
1921-22..	2,277,349.78
1922-23..	2,040,461.08

N.B. The cost of administrating the Business Profits War Tax Act, 1916, and the Income War Tax Act, 1917, cannot be separately determined as the work in connection with the administration of both acts is performed by the same staff.

MATTAWA EXCISE AND CUSTOMS OFFICE

Mr. LAPIERRE:

1. When was the Excise and Customs office at Mattawa first opened?
2. Who is the customs officer in charge and what salary does he receive?
3. What has the annual revenue been since its establishment?
4. What rental is being paid for the premises occupied by said office?

Hon. Mr. LAPOINTE (for the Minister of Customs and Excise):

1. April 1, 1921.
2. A. M. Saunders—salary $1,440 per annum.
3. 1921-22, $18,278.72; 1922-23, $37,075.67; 1923-24, $53,376.01.
4. $180 per annum.

Mr. SAVARD:

What amount was collected by the Department of Customs and Excise at each of the following places: Port Alfred, Jonquiere, and Hebertville Station, during the years 1923 and 1924?

Hon. Mr. LAPOINTE (for the Minister of Customs and Excise):

	1922-23	1923-24
Port Alfred..	$28,115.93	$25,004.09
Jonquiere..	36,069.90	161,994.35
Hebertville..	Opened July 1, 1923	80,942.62

MOUNTED POLICE—DRUG COMMISSION

Hon. Mr. STEVENS:

1. Was a commission issued to J. P. Smith, K.C., of Vancouver to inquire into alleged improper and illegal handling of drugs by members of the Royal Canadian Mounted Police?
2. If so, has the Minister of Justice received a report from J. P. Smith, and has such report been made public?
3. How many names were there submitted to the minister for appointment as commissioner?
4. Upon whose recommendation was J. P. Smith appointed commissioner?
5. What official or other connection had J. P. Smith with the Mounted Police in the Yukon?
6. When did such official or other connection cease?
7. Was the minister aware of such official or other connection with the Mounted Police at the time of such appointment as commissioner?
8. What remuneration has been paid to J. P. Smith for his services as commissioner, and what amount for expenses?
9. In what capacity was M. A. Macdonald, K.C., acting in connection with Victoria proceedings against Eccles, Smith and Fernandez of the Mounted Police?
10. Was M. A. Macdonald instructed by the minister to demand a case stated from the presiding magistrate for appeal from the conviction against Eccles, Smith and Fernandez?
11. What fees have been paid to M. A. Macdonald for services in connection with the Victoria proceedings against the Mounted Police, or for services in any other connection, either as agent for the Minister of Justice, or acting for the Attorney General of Canada, in connection with proceedings against members of the Mounted Police, and what amount for expenses?
12. What are the names of counsel employed by the Department of Justice to defend the Mounted Police against charges, both in connection with Victoria proceedings and commission proceedings?
13. What fees have been paid to each of these counsel and what amounts for expenses?
14. Has any counsel fee been paid to F. A. McDiarmid, counsel for Sergeant Munday, and if so, what amount, and what amount for expenses?
15. Has any counsel fee been paid to J. B. Pattullo, Vancouver, and if so, what amount, and what amount for expenses?
16. In what capacity was J. B. Pattullo acting, and by whom was he retained?
17. In what capacity was Mr. E. P. Davis, K.C., acting?
18. Have counsel fees been paid to J. A. Russell, Vancouver, counsel for Eccles and other members of

the Mounted Police, and if so, what amount, and what amount for expenses?

19. Has a pardon been granted by the Governor General from a conviction of Eccles, Fernandez and W. L. Smith, of the Mounted Police, in Victoria, and if so, when was it applied for, by whom, and upon whose recommendation was it granted?

20. When such pardon was granted, was there an appeal pending before the Supreme Court of British Columbia by way of stated case, at the request of the Attorney General of Canada?

21. Was bail provided for Eccles, Smith and Fernandez in connection with any prosecutions at Victoria by the Department of Justice, or was any person directed to provide bail, and if so, who, and under what circumstances or assurances?

22. Did the Minister of Justice and Prime Minister receive resolutions of protest from Vancouver and Victoria, as to the manner of conducting said Commission of Inquiry by J. P. Smith?

23. Was Sergeant Jones of the Royal Canadian Mounted Police, Victoria, who assisted in the arrest of Eccles, Fernandez and Smith, dismissed?

24. If Sergeant Jones has not been discharged from the Mounted Police, has he been suspended and has Colonel Wroughton notified Jones that he will not be re-engaged, and if so, for what reason?

25. How long has Sergeant Jones served in the Royal Canadian Mounted Police force?

26. What is the record of Sergeant Jones with the force?

Hon. Mr. LAPOINTE:

1. Yes.

2. Yes, the findings of the report have been made public.

3. Three, Messrs. Craig, K.C., H. S. Wood and J. P. Smith, K.C.

4. Mr Smith was one of the three above named who were recommended by the Attorney General of British Columbia.

5. None known.

6. Answered by No. 5.

7. Answered by No. 5.

8. As commissioner, $1,700; expenses, $46.50; total, $1,746.50.

9. To watch the proceedings and take such action as might be necessary or advisable in the interests of justice.

10. Not specially, but he acted within the scope of his general instructions.

11. Victoria proceedings. Fees, $630; expenses, $76.45; total, $706.45. Victoria proceedings: Appeal case; fees, $617; expenses, $45; total, $662.

12. E. P. Davis, K.C., J. B. Pattullo, K.C. and M. A. Macdonald, K.C.—the latter brought in temporarily owing to Mr. Pattullo's illness,—were instructed to represent the Department of Justice generally to see that all relevant evidence was produced and to advocate the justice of the case, but they were not otherwise instructed to defend the Mounted Police.

13. Victoria proceedings—J. B. Pattullo: Fees, $2,500.00; expenses and incidentals, $265.14; total, $2,765.14. J. B. Pattullo (Victoria agents): Fees, $585.80; expenses, $64.35; total, $648.15. M. A. MacDonald: Fees, $630.00; expenses, $76.45; total, $706.45. M. A. MacDonald: Appeal case: Fees, $617.00; expenses, $45.00; total, $662.00. Commission proceedings—E. P. Davis: Fees, $2,748.62; expenses, $60.67; total, $2,809.62. J. B. Pattullo: Fees, $1,500.00; expenses, $39,67; total, $1,539.67.

Note: In addition to the above, the following were employed by the defendants to protect their personal interest, namely, J. A. Russell, Vancouver, by Constable Smith, Agent Eccles and Informant Fernandez; F. A. McDiarmid, Vancouver—by Staff Sergant Munday. And, in view of the fact that the defendants have been exonerated by the Commission of Inquiry, the accounts for such counsel were paid from public funds. (See answers to questions 18 and 14 respectively).

14. Yes: Fees, $875; expenses, $30; total, $905.

15. Yes; see answer to No. 13.

16. At the Victoria proceedings. Counsel for Department of Justice—retained by Department of Health in the first instance, approved by Department of Justice; at the commission proceedings, for Department of Justice.

17. Leading counsel for Department of Justice at the commission proceedings.

18. Yes. Victoria proceedings and stated case; fees, $582.20; expenses, $117.50. Commission proceedings: Fees, $2,025; expenses, $2, total, $2,726.70.

19. A free pardon was granted to each, Eccles, Fernandez and Smith. No application for pardon was made in any case. The pardons were granted upon the recommendation of the Minister of Justice.

20. Yes.

21. Bail was not provided by the Department of Justice, neither was any person directed to provide bail when the defendants were arrested in the first instance. The men concerned arranged the bonds required between themselves and members of the force. During the hearing of the commission proceedings, however, Agent Eccles was arrested on a charge of perjury during the Victoria proceedings and bail set at $3,000. Eccles had difficulty in procuring bonds on that occasion and the officer commanding the Mounted Police in Vancouver considered Eccles should be protected and the Department of Justice instructed that so long as Eccles enjoyed the confidence of this superiors, the government should protect him to the extent of furnishing the necessary bail. The officer commanding the Mounted Police in Vancouver, therefore, instructed Inspector Shoebotham to arrange bail for Eccles in this particular case only.

Sureties of $1,500 each were accepted from Inspector Shoebotham and Mr. M. C. Hill, of Vancouver.

22. Yes.

23. No.

24. Assistant Commissioner Wroughton has been notified that Staff Sergeant Jones will not be re-engaged by reason of the behaviour and insubordinate words and conduct of the latter and neglect of duty.

25. Sixteen years, eighty-five days.

26. Although up to the arrest Constable Smith, Agent Eccles and Informer Fernandez the conduct of Staff Sergeant Jones was good, his conduct in connection with the proceedings against the three former was such as to demonstrate his unsuitability for further employment in the force.

RAILWAY RATES

Hon. Mr. BAXTER:

1. What were the coal rates applying to the rail movement from Springhill Junction, Nova Scotia, to the following points: Montreal and Mont Joli, Quebec; Campbell, Bathurst and West St. John, New Brunswick (a) in 1897, (b) at the present time?

2. What were the coal movements ex Prince Edward Island, if any, in the year 1923?

3. What were the rates on potatoes from New Brunswick shipping points to Quebec and Montreal (a) in 1897; (b) what are they at the present time?

4. What were the rates on fish dry salted, green salted, pickled or smoked, in car load lots, from Port Hawkesbury, N.S., to Montreal, Que., (a) in 1897, (b) and what are they at the present time?

5. What were the rates on fresh fish, in car load lots, from Port Hawkesbury, Nova Scotia, to Montreal, Quebec (a) in 1897, (b) and what are they at the present time?

6. What were the rates, in car load lots, on textiles from Truro, Nova Scotia, to Vancouver, British Columbia; from Amherst, N.S., to Montreal, Quebec; from Truro, N.S., to Montreal, Que., (a) in 1897, (b) and what are they at the present time?

7. What were the rates, in car load lots, on iron and steel, on list "A" and on list "B" from Sydney, N.S., to Montreal, Que., (a) in 1897, (b) and what are they at the present time?

Hon. Mr. GRAHAM:

1.

To	Effective March 1, 1898	At the present time
Montreal, Que.	$1.79 per net ton	18 cents per 100 lbs.
Mont Joli, Que.	1.79 "	{11 " / *9½ "
Campbellton, N.B.	1.56 "	9 "
Bathurst, N.B.	1.56 "	7½ "
West St. John, N.B.	0.89 " †	7 "
	(Slack coal ‡	$1.15 per net ton.

*Supply coal for use of Canada & Gulf Terminal Railway.
†Plus C.P.R. switching charge from St. John of 3½ cents per one hundred pounds.
‡Plus C.P.R. switching charge of 3 cents per 100 lbs. from St. John.

2. Nil.

3.

From	Effective May 3, 1898 To Quebec	To Montreal
Stations Campbellton to Dalhousie, N.B.	15	17 cents per 100 lbs.
" Eel River to Derby Junction and Millerton, N.B.	16	18 "
" Chatham Junction to St. John and Point du Chene, N.B.	17	19 "

From	Effective at the present time To Quebec	To Montreal
Stations Campbellton to Kent Junction, N.B.	30	32½ cents per 100 lbs.
" Mortimer to St. John and Pt. du Chene, N.B.	32½	34 "
" Boundary to McGivney Junction, N.B.	30	32½ "
" On St. John and Quebec Railway	30	32½ "

4.

	*Effective December 7, 1900, from Mulgrave, N.S.	Effective at the present time from Port Hawkesbury, N.S.
Dry salted	26 cents per 100 lbs.	53 cents per 100 lbs.
Green salted	26 "	53 "
Pickled	22 "	49 "
Smoked	26 "	56½ "

*It is understood that prior to the erection of cold storage plant at Port Hawkesbury within the past few years, the fish was shipped from Mulgrave, N.S.

[Mr. Lapointe.]

5.

	*Effective December 7, 1900, from Mulgrave, N.S.	Effective at the present time from Port Hawkesbury, N.S.
28 cents per 100 lbs.		56½ cents per 100 lbs.

*It is understood that prior to the erection of cold storage plant at Port Hawkesbury within the past few years the fish was shipped from Mulgrave, N.S.

6. It is assumed cotton piece goods are referred to.

	Effective In 1897	Effective At the present time
Truro, N.S. to Vancouver, B.C.	Old tariff records are not now available.	$2.99¼ per 100 lbs.
	Effective May 23, 1898	**Effective At the present time**
Truro and Amherst, N.S. to Montreal, Que.	31 cents	65 cents per 100 lbs.

7.

	Effective August 1, 1902 Only one list	Effective at the present time List A	List B
17½ cents per 100 lbs.	40 cents		52 cents per 100 lbs.

The management state that the tariff records covering the rates which were in effect in 1897 are so incomplete it is practically impossible to determine just what rates were in effect at that time, however; the replies which are given above, with the effective dates as shown, are as far back as can be checked at the present time.

ST. JOHN AND QUEBEC RAILWAY

Sir HENRY DRAYTON:

1. In discharge of the contract to pay 40 per cent of the gross traffic receipts earned on the St. John and Quebec Railways, how much money did the Canadian National system pay the province in respect of the operations of the year 1923?
2. How much did the said sum so paid fall short of discharging the obligations of the province as the owner of the said railways?
3. What sum did the 60 per cent retained by the Canadian National Railways amount to in the year 1923?
4. By what amount did the said 60 per cent of receipts fail to meet the operating expenses on the St. John and Quebec Railways in the year 1923?
5. What is the resultant operating ratio of the year's operations based upon the retention of but 60 per cent of the receipts?

Hon. Mr. GRAHAM:

1. $109,199.75.
2. No information on this question.
3. $163,799.64.
4. $340,455.81.
5. 307.80 per cent.

DIRECTORS ON STEAMSHIP COMPANIES

Mr. ROSS (Kingston):

1. Are Canadian citizens permitted to be elected to directorships on steamship companies of United States?
2. Are citizens of United States permitted to be directors on Canadian steamship companies?
3. What citizens of United States hold position of directors on Canadian steamship companies, and in what companies?

[Mr. Graham.]

Hon. Mr. COPP:

1. This is a matter of United States law upon which there is no information at hand.
2. Yes. The persons who are qualified to be owners of British ships are set out in section 1 of the Imperial Merchant Shipping Act, 1894. This section includes among those qualified to be owners, "Bodies corporate established and subject to the laws of some part of Her Majesty's Dominions and having their principal place of business in those Dominions." This section applies to Canada. The provisions of this section were modified by The British Ships (Transfer restriction) Acts of 1915 and 1916, which are still in effect in the United Kingdom, but do not apply to Canada. The parliament of Canada, by Chapter 42 of the Statutes of 1919, enacted similar legislation but this act was in operation only for three years and expired in July 1922.
3. No information.

FRUIT DIVISION TELEGRAPHIC REPORTS

*Mr. MERCIER:

1. Is it the intention of the government to publish in French, telegraphic reports received by the Fruit division of the Department of Agriculture, and to send that French version to those interested?
2. If so, with what delay?

Hon. Mr. MOTHERWELL:

1. Yes.
2. With no unnecessary delay.

OLYMPIC GAMES, 1924

Mr. CHURCH:

1. What grant has been made towards Canada's entries for the Olympic Games, 1924?
2. What entries has Canada made so far, and how are the Canadian teams or contestants chosen or selected? What teams or contestants are yet to go?
3. When was the grant paid over and to what organization?
4. How much has been spent to date, and what remains, if any?
5. Is it the intention of the government to make up any deficit or grant a supplementary appropriation to take care of the rowing, track, canoe and other teams not yet gone over to the games?

Hon. Mr. ROBB:

1. $15,000.
2. No information.
3. Payment was made on December 21, 1923, to the Canadian Olympic committee.
4. No information. As in the past, the amount was voted as a grant and not as an accountable expenditure of the government.
5. The amount which has been voted and paid represents the government's contribution towards the expenses of the Canadian athletes at the Olympic Games in 1924.

PROPOSED TORONTO RAILWAY VIADUCT

Mr. CHURCH:

1. Has a report been received by the government from Sir Henry Thornton strongly recommending the carrying out of the contract for the construction of a railway viaduct at Toronto and asking for an immediate decision by the government and for funds and for power to immediately proceed with the work?
2. What is the exact terms of the recommendation in question?
3. What action has been taken or will be taken by the government?
4. Will a copy of the reply of the government be laid on the Table of the House, and when?

Hon. Mr. GRAHAM: A letter has been received and I will lay a copy of it on the Table of the House. That will be better than answering this question.

Mr. MEIGHEN: Could the letter not be handed in with the answer?

Mr. GRAHAM: There is some other correspondence and I have not yet looked into it. In reply to the fourth question, I might say that the matter is under consideration. Let the question stand for the time being and I will look into it.

Question stands.

DALY BUILDING

Mr. BALDWIN:

1. From whom did the government purchase the Daly building in the city of Ottawa?
2. When was it purchased?
3. What was the amount paid therefor?
4. If purchased from H. J. Daly, is he the H. J. Daly who was president of the Home Bank?

Hon. Mr. KING (Kootenay):

1. From the H. J. Daly Company, Limited.
2. In 1921 under authority of order in council dated August 31, 1921, date of deed of conveyance September 19, 1921.
3. The price was $1,000,000 payable in ten annual payments of $100,000 each with interest at 6 per cent per annum on deferred payments, with the right to make all or any of the payments, subsequent to the first payment, before they become due; in which case a corresponding reduction would be made in the amount of the interest. Three payments have been made as follows: 1921-22, $100,000; 1922-23, $154,000; 1923-24, $148,000.
4. Yes.

QUESTION PASSED AS ORDER FOR RETURN

ENEMY PROPERTY CUSTODIAN

Hon. Mr. MANION:

1. What is the amount that has been received by the Enemy Property Custodian from the nationals of (a) Germany; (b) Austria-Hungary; (c) Other enemy countries either by disposal of property and investments in Canada or in other ways?
2. What is the amount that has been received from Canadian citizens on account of indebtedness to enemy nationals?
3. What is the amount that has been paid out of the fund so established?
4. To whom have payments been made and what is the amount of each payment?
5. What is the amount now held under the control of the custodian?

TAX UPON MINERALS

Mr. COOTE moved:

For a copy of all memoranda, legal opinions, letters, reports or other documents, relating to the disallowance of a Statute of the Province of Alberta, being chapter 32 of the statutes enacted in the year 1923, and entitled "An Act to impose a tax upon Minerals."

Mr. LAPOINTE: These documents have already been placed on the Table of the House. I do not know whether there is any other correspondence. I have no objection to the motion being passed.

Motion agreed to.

UNOPPOSED MOTIONS FOR PAPERS

EGG MARKING ACT

Hon. Mr. STEVENS:

For a copy of all reports of inspectors of the Agricultural department residing in British Columbia, to the Minister of Agriculture, or any of his officers in Ottawa, regarding breaches of the regulations of the Egg Marking Act from date of the passing of said Act to May 1st, 1924.

PEIGAN INDIAN RESERVE

Mr. COOTE:

For a copy of all correspondence, telegrams, leases or other documents exchanged between the Government

or any member thereof, and any other parties in any way relating to a lease which has recently been given on Peigan Indian Reserves to the Hon. Mr. McLean.

ADMIRALTY ACT AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved that the House go into Committee at the next sitting to consider the following proposed resolution:

Resolved that it is expedient to amend the Admiralty Act, chapter one hundred and forty-one of the Revised Statutes, 1906, and to provide:—

1. That the Governor in Council may appoint one or more deputy local judges for any Admiralty district, and a deputy registrar for any district or registry division of any district;

2. That when the local judge of the Quebec Admiralty district resides at Montreal, the deputy local judge residing at Quebec shall be paid the salary, if any, which he would have received if he were the local judge of the district; and when the local judge resides at Quebec, the deputy local judge residing at Montreal shall receive the salary, if any, which he would have received if he were the local judge of the district; but not more than one deputy local judge in the district shall receive a salary.

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.

LAUSANNE TREATY

On the Orders of the Day:

Mr. E. J. GARLAND (Bow River): Is the Prime Minister in a position to lay on the Table of the House the correspondence with regard to the Lausanne Treaty or to make any statement thereon?

Right Hon. W. L. MACKENZIE KING: (Prime Minister): It had been my intention to suggest this evening that to-morrow we take up a consideration of the Lausanne matter. I have, however, received within the last few hours, a cable from the British government to which I have replied. Pending further possible word I think it would be well, perhaps, to allow the discussion to stand until Wednesday that I may have the correspondence with the British government complete.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): After the correspondence is on the Table in full, it would be unfair to bring the discussion on immediately. Certainly the House would want an opportunity to read the correspondence and to see if some light or clear line of action can be deduced from it. I suggest that unless the correspondence is laid on the Table to-day, it would be unfair to bring the discussion on so soon as Wednesday.

[Mr. Coote.]

Mr. MACKENZIE KING: I agree with my right hon. friend. I may say that the government has not yet obtained the consent of the British government to lay the correspondence on the Table, but I hope it will be possible to get that consent, and it is in that hope that I still am waiting. If this consent is obtained I shall be pleased to allow whatever time hon. members may wish for the purpose of reading the correspondence in the first instance. That, I think, would be the quickest way of disposing of the whole matter.

Mr. MEIGHEN: Has the Prime Minister yet received replies to those telegrams which were despatched some weeks ago to the other dominions in order to ascertain which was the recalcitrant dominion?

Mr. MACKENZIE KING: I have the answers here and I may as well take this occasion to read them to the House. On May 6 I sent a message to the Prime Ministers, respectively, of Australia, New Zealand, South Africa and Newfoundland; I did not include the Irish Free State as I understood that it had not been organized at the time the Lausanne Conference was being arranged. The message I cabled to Australia was as follows:

Ottawa, May 6, 1924.

Premier Bruce,

Melbourne, Australia.

Canadian government desires to have tabled in Great Britain and Canada correspondence between Canada and Great Britain respecting Lausanne Conference and invitations thereto. Cable despatches state Secretary of State for Colonies says Imperial government does not object but that by agreement at Imperial Conference consent of all dominions should first be obtained. Please advise by cable if government of Australia is agreeable to having tabled such correspondence between Canada and Great Britain as may be agreed upon by British and Canadian governments.

MACKENZIE KING.

Premier Bruce, of Australia, replied on May 7:

Your telegram dated 6th May Lausanne Conference. Commonwealth government has no objection tabling correspondence between Canada and Great Britain Have however already advised British government that so far as Australia is concerned prior to making of any statement purporting to summarize the views of the Dominions on this question the desirability that such statement be communicated to us prior to publicity.

A cable, in words identical to that sent Australia, was sent to the other dominions.

On May 12 General Smuts, the Prime Minister of the Union of South Africa, cabled:

Your telegram dated 6th May: I have not seen the correspondence but I raise no objection to publication.

On May 8 the following reply was received from Premier Warren, of Newfoundland:

Referring your telegram May 6: Government Newfoundland is agreeable to having tabled such correspondence between Canada and Great Britain as may be agreed upon by British and Canadian governments respecting Lausanne Conference and invitations thereto.

On May 11 Premier Massey, of New Zealand, replied:

Your telegram sixth Understand communications mentioned were not written with view to publication and if made public am afraid would interfere with clear and frank information being given Dominions to which they are undoubtedly entitled.

I cannot say whether that last message is intended to imply that the correspondence should not be brought down. If it is not so intended, it would appear that all the dominions were agreeable to having the correspondence tabled. I should observe however that the Secretary of State for the Colonies in a despatch to me referring to the press despatch which had appeared regarding his answer in the House of Commons, intimated that the despatch which we received from the press here was not wholly in accord with the answer he had made in the House of Commons. I expect to get word to-day some time, or to-morrow, as to whether the British government will be agreeable to the whole of the correspondence being brought down or not.

Mr. MEIGHEN: Will the Prime Minister say what is the significance of the words "such as may be agreed upon between the British government and the Canadian government" appearing at the end of his own message to the dominions and re-echoed in the reply of at least one, the Prime Minister of Newfoundland? These words imply that all that is suggested by the Prime Minister of Canada is that only such correspondence shall be brought down as shall be later agreed upon between the governments. If so, the agreement to bring down correspondence amounts to nothing.

Mr. MACKENZIE KING: The purport of these words is that our government would like to have all the correspondence brought down. The British government, however, may object to all of it being brought down, and in that event we should like to have submitted as much as they will agree to. That is the significance of the sentence.

ANNUAL RAILWAY STATEMENT

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Will the Minister of Railways intimate when he expects to make his annual railway statement?

Hon. GEORGE P. GRAHAM (Minister of Railways): I cannot to-day fix any date positively but I hope it will be very soon.

Mr. MEIGHEN: This week?

Mr. GRAHAM: Hardly this week.

CIVIL SERVICE SUPERANNUATION

On the Orders of the Day:

Mr. C. A. GAUVREAU (Temiscouata): In view of the fact that the civil servants are anxious to know what are the provisions of the superannuation bill in order that they may compare the bill with the Calder Act, I should be glad if the Acting Minister of Finance could inform the House just when he proposes to bring the bill down.

Hon. J. A. ROBB (Acting Minister of Finance): I hope we shall be able to proceed with the resolution to-morrow.

CRIMINAL CODE AMENDMENT—HALF-BREED SCRIP

On the Orders of the Day:

Mr. D. M. KENNEDY (West Edmonton): Will the Prime Minister promise that an opportunity will be given at an early date for the third reading of Bill No. 5 standing in my name under "Public Bills and Orders?"

Right Hon. W. L. MACKENZIE KING (Prime Minister): I move, Mr. Speaker, that the House proceed to Public Bills and Orders so that the third reading of Bill No. 5 may be taken up.

Motion agreed to.

On motion of Mr. D. M. Kennedy (West Edmonton), Bill No. 5, to amend the Criminal Code was read the third time and passed.

Mr. MACKENZIE KING: I move, Mr. Speaker, that the House return to Orders of the Day.

Motion agreed to.

SUPPLY

DEPARTMENT OF LABOUR

The House in committee of Supply, Mr. Gordon in the chair.

Labour—Conciliation and Labour Act, including publication, printing, binding and distribution of Labour Gazette, and allowance to correspondents, $46,000.

Sir HENRY DRAYTON: Will the minister inform the committee how much was spent last year? The public accounts have been closed for some time.

Hon. JAMES MURDOCK (Minister of Labour): There was spent $49,966.58.

Sir HENRY DRAYTON: What changes have been made?

Mr. MURDOCK: We hope to be able to save about $4,000 by having the Labour Gazette printed in the Printing Bureau.

Mr. HOCKEN: What is the cost of the Labour Gazette now?

Mr. MURDOCK: The December issue, 113 pages, 12,725 copies, cost $2,405.63; the January issue, 89 pages, 12,737 copies, cost $1,687.70; the February issue, 120 pages, 12,930 copies, cost $2,177.96; the March issue, 69 pages, 12,655 copies, cost $1,274.86. Smaller type was used for this number.

Mr. HANSON: How many correspondents are there for the Labour Gazette; where are they situated; how are they appointed; and what is their pay?

Mr. MURDOCK: The Labour Gazette has sixty-two correspondents.

Mr. HANSON: I did not think they were quite so numerous. How are they paid?

Mr. MURDOCK: Of these sixty-two correspondents five are in Alberta, six in British Columbia, two in Manitoba, four in New Brunswick, five in Nova Scotia, twenty-five in Ontario, nine in Quebec and one in Prince Edward Island.

Mr. HANSON: Who are the correspondents in New Brunswick, and what are they paid?

Mr. MURDOCK: Fredericton, C. W. Clark, salary $125 per annum; Bathurst, M. H. Levasseur, salary $125 per annum; Moncton, J. C. Graves, salary $150 per annum; St. John, W. H. Coates, salary $225 per annum.

Mr. HOCKEN: In addition to the printing cost what is the total cost of producing the Labour Gazette, including correspondents and other incidental expenses?

Mr. MURDOCK: The sixty-two correspondents cost $9,999.84.

Mr. HOCKEN: And the editors and office staff?

Mr. MURDOCK: An editor, grade 1, $1,800; an assistant editor, $1,680, rising to $1,710; a senior clerk-stenographer, $1,320,—or a total of $4,800.

Mr. HOCKEN: That is the entire staff?

Mr. MURDOCK: Yes, chargeable to the Labour Gazette. There would also be possibly the circulation manager and other staff, and the assistant deputy minister, some of whose time might be chargeable to this work.

Mr. HOCKEN: I suppose there are no overhead charges. But why should there be a circulation manager for a publication of this kind?

Mr. MURDOCK: Only a small portion of his duties deal with the circulation management of the Labour Gazette. He is an expert on labour organizations and keeps in close touch with them all. As a matter of fact, a very small portion of his work has to do with the circulation of the Labour Gazette.

Mr. HOCKEN: I would think so.

Mr. MANION: What is the name of the correspondent of the Labour Gazette at the head of the lakes, and what is his salary?

Mr. MURDOCK: I have the whole list here.

Sir HENRY DRAYTON: Let us have it.

Mr. MURDOCK: The list is as follows:

Labour Gazette Correspondents, April, 1924

	Annual Salary
Amherst, N.S., McCleave, H.	$150
Bathurst, N.B., Levasseur, M. H.	125
Belleville, Ont., Harrison, P.	150
Brandon, Man., Fulcher, E.	150
Brantford, Ont., Dunn, E.	200
Brockville, Ont., Wotherspoon, J. E.	150
Calgary, Alta., Stauffer, J. B.	200
Charlottetown, P.E.I., Monoghan, J. H.	125
Chatham, Ont., Wands, G.	150
Cobalt, Ont., Dixon, G. W.	200
Dominion, C.B., N.S. (Sydney), Moffatt, J.	175
Drumheller, Alta., Colquhoun, A. A.	175
Edmonton, Alta., McCreath, R.	200
Fernie, B.C., Perry, F. G.	200
Fort William, Ont. (and Port Arthur), Grant, A. E.	120
Fredericton, N.B., Clark, C. W.	125
Galt, Ont., Fraser, D.	150
Guelph, Ont., Drever, W.	150
Halifax, N.S., Garnett, J. A.	225
Hamilton, Ont., Aitchison, C. I.	225
Hull, Que., Morin, A.	150
Kingston, Ont., Stroud, W. A.	200
Kitchener, Ont., Welheiser, S.	150
Lethbridge, Alta., Hawkins, W.	150
London, Ont., Woonton, A.	200
Medicine Hat, Alta., Bellamy, B. W.	150
Moncton, N. B., Graves, J. C.	150
Montreal, Que., Bertrand, T.	No pay
Moose Jaw, Sask., Baker, A.	150
Nanaimo, B.C., McGirr, W.	125
New Glasgow, Ward, R. H.	200
Niagara Falls, Ont., Hyatt, Miss L.	175
Orillia, Ont., Hale, H.	125
Oshawa, Ont., Bone, W. J.	150
Owen Sound, Ont., Shaw, J.	125
Peterborough, Ont., Sharp, J. A.	150
Prince Albert, Sask., Laurie, R. P.	200
Prince Rupert, B.C., Campbell, J. M.	250
Quebec, Que., Jobin, P. J.	200
Regina, Sask., McNeil, W. B.	200
Sarnia, Ont., Lott, W. H.	150
Saskatoon, Sask., McGrath, M. J.	200

	Annual Salary
Sault Ste. Marie, Ont., Hollingsworth, E.	$150
Sherbrooke, Que., Fales, J.	125
Sorel, Que., Vanasse, A. P.	125
Stratford, Ont., Carlin, J.	150
St. Catharines, Ont., Sinclair, J. A.	200
St. Hyacinthe, Que., Belisle, J. B.	150
St. John, N.B., Coates, W. H.	225
St. Johns, Que., Bourdeau, M.	175
St. Thomas, Ont., Killingsworth, J. A.	225
Thetford Mines, Que., Adams, C.	150
Three Rivers, Que., Ryan, J. J.	125
Timmins, Ont., Garner, H. C.	200
Toronto, Ont., Compton, E. N.	No pay
Trail, B.C., Williamson, A. C.	300
Truro, N.S., Henderson, F. W.	125
Vancouver, B.C., Harrison, F. E.	No pay
Victoria, B.C., Chrow, J.	225
Windsor, Ont., Cole, W. H.	150
Winnipeg, Man., Howard, L. F.	No pay
Woodstock, Ont., Markey, J.	150

Those indicated as receiving no pay are fair wage or employment service officers under monthly salary.

Mr. MANION: Why the difference in salaries? One would imagine they would be the same.

Mr. MURDOCK: The salaries in the past have been set, usually on the basis of the importance of the industrial centre that it was proposed to get information from. Usually the correspondent was started at a lower rate and as the work increased, if it did increase, salary increases were at times given. Where there is no ground for complaint the officer is left at the salary as originally established.

Sir HENRY DRAYTON: What are the duties of the correspondents?

Mr. MURDOCK: Correspondents of the Labour Gazette are expected to keep the department in touch with all matters of importance relating to labour and industry in their several districts and especially to keep the department informed of any developments with regard to the following subjects: Retail prices; strikes and lockouts; changes in wages and hours of labour; industrial agreements and schedules of wages; labour organizations; organization in industry; industrial accidents; employee representation plans; profit sharing; sale of stock to employees, and so on; company stores; housing; any other matters of industrial interest; correspondents in mining districts are expected to forward to the department monthly reports of the mineral production of their locality, showing as far as possible quantity of ore of the various kinds mined and shipped.

Sir HENRY DRAYTON: I was wondering whether among their other duties they were expected to report on the closing of industrial activities and the reason therefor?

Mr. MURDOCK: It is important that they should let us know what the conditions are in that respect.

Sir HENRY DRAYTON: I noticed that that was not in the list. Would it be added, or is it added?

Mr. MURDOCK: I presume the correspondent would let us have that information under the heading "changes in wages and hours of labour," or "any other matters of industrial interest."

Sir HENRY DRAYTON: As a matter of fact, do they so report?

Mr. MURDOCK: Yes, from time to time we hear from correspondents as to the conditions respecting employment.

Sir HENRY DRAYTON: That is not an answer to my question? Do these correspondents report to the department on the shutting down of places of business, mills, factories or anything else, and if so, under what head?

Mr. MURDOCK: That particular function would come more properly under the duties of the Employment Service of Canada. We receive from the officers of that service every week, for every town in 78 centres throughout the Dominion, a statement indicating the conditions as to employment.

Sir HENRY DRAYTON: That would be as to the number of people employed. I take it from the minister's answer that the matter does not properly come under this head. Am I right in assuming that?

Mr. MURDOCK: It has not been regarded as a specific duty of the Labour Gazette correspondent to report as to factories closing down, but we receive reasonably accurate data as to that condition.

Mr. HANSON: Apropos of what the minister has just said, has he received notice that four cotton mills in New Brunswick have in the last week been put upon three days' time?

Mr. MURDOCK: I understand that the only definite information we have got in that respect is from news clippings that have come to us.

Sir HENRY DRAYTON: That will undoubtedly be cheaper and more accurate than the other information that the minister has. Under what vote will this question as to reports of closing factories come?

Mr. MURDOCK: I presume the hon. gentleman can take it up at any time. We might deal with it under the vote for the co-ordination of employment offices.

Sir HENRY DRAYTON: If the minister says it should come up then, we will wait till then.

Mr. MURDOCK: I think that would be appropriate.

Sir HENRY DRAYTON: Perhaps the minister would also tell us, so that we can have segregated for general information, the main items making up this vote.

Mr. MURDOCK: The printing of the Labour Gazette is the most important item. Last year that cost $35,097.36. Other items are as follows:

Correspondents' Salaries	$9,999 84
Travelling Expenses	256 40
Rental Surveys	735 90
Retail Prices' Reports	150 00
Wages Report	5 00
Expressage	45
Services Securing Reasons for judgments	42 75
Newspapers and Periodicals	2,066 75
Mailing lists, indices, wrappers, index cards, binding, etc	1,623 13

Mr. LEWIS: Why is this vote called the Conciliation and Labour Act vote? It simply includes the publication, printing, binding and distribution of the Labour Gazette, and allowances to correspondents, does it not?

Mr. MURDOCK: My hon. friend will note by looking at the Conciliation and Labour Act, which gave life in the first place to the Labour department of the Federal government, that it provided for the printing of the Labour Gazette, and so forth, and that is the reason why this vote has come to be known as the Conciliation and Labour Act vote.

Mr. LEWIS: It does not include provision for conciliation boards?

Mr. MURDOCK: No, that comes under the Industrial Disputes Investigation Act vote.

Mr. HOCKEN: The minister has told us that by the use of smaller type the volume of the Labour Gazette has been reduced to about 69 pages.

Mr. MURDOCK: I did not mean to imply that. We are making a very determined effort to reduce the number of pages in the Labour Gazette, and have made some headway in that respect. By doing that and using smaller type, last month we were able to reduce the Labour Gazette to 69 pages, the smallest for a long while.

Mr. HOCKEN: Does the minister expect that the information contained in the Labour Gazette will be provided in the same number of pages right along in the future?

Mr. MURDOCK: We think that the essential information can be given in possibly a smaller-paged Labour Gazette than we have had many times in the past. That is the aim, to give all the essential and necessary information as concisely as possible.

Mr. HOCKEN: Is not that one means by which a substantial economy could be effected in the production of the Gazette, by the use of smaller type? There has to be about the same circulation, I presume, but if the book were kept down to between sixty and seventy pages, instead of one hundred and twenty, the mechanical cost would be pretty nearly one-half what it has been. Would the minister tell us that there is an idea of practising economy in that direction? I presume that the Gazette is now set in nine-point type?

Mr. MURDOCK: Yes.

Mr. HOCKEN: Why not set it in seven-point? That would make a very substantial reduction in the volume of the work, and still be good clear type.

Mr. MURDOCK: I am not an expert on that, but the matter has been discussed at considerable length, and it is thought that the nine-point type is about as small as we could properly make it. That is the size used in the printing of Hansard, and we were governed by that to some extent.

Mr. HOCKEN: I do not quite agree with those experts who have been advising the minister. Nearly every daily newspaper printed in this country is printed in seven-point type, which is plenty large enough for people to read by artificial light. I should think that-size type ought to be sufficient for those who read the Labour Gazette. It would reduce the size of the volume very much and effect economy without—and I would emphasize this point—lessening the efficiency of the book.

Mr. MURDOCK: I would be very glad to bring the views of my hon. friend (Mr. Hocken), who I know is a great expert on these matters, to the attention of the officers of the department, and take this matter up further.

Mr. HOCKEN: I would like the minister to use his own eyes and his own judgment.

Mr. MURDOCK: In the final analysis I shall do that, of course. But I do not like to go altogether against the recommendations made to me by the officers of the department and they have intimated that when we get down to the size of type used in Hansard, that ought to be sufficient. I did not like to say to them: No you shall use something smaller than that. But as I say, I shall be very glad to take the matter up again.

Mr. HOCKEN: You see, I am thinking of economy, Mr. Chairman.

Mr. MURDOCK: So is the minister, I can assure you.

Sir HENRY DRAYTON: Can the minister tell us what the circulation of the Gazette is? Are we getting it distributed at useful points, or is it just going to waste-paper baskets?

Mr. MURDOCK: The circulation runs between 12,000 and 13,000 a month. Libraries in all the provinces get 91 copies.

Sir HENRY DRAYTON: How many copies go to the libraries?

Mr. MURDOCK: The complimentary list is as follows:

Libraries in Canada	91
Foreign bundles	70
Newspaper exchanges	144
Canadian trade journals	55
Exchange lists, foreign	7
Exchange lists, United States	10
Trades union journals	98
Labour papers	42
United States, misc	73
Libraries in United States	59
Great Britain	55
Boards of Trade	52
Provincial Government	25
City Officials	165
Miscellaneous	288
French Copies	195
Local unions	4,454

The paid subscriptions are as follows:

Nova Scotia	461
Prince Edward Island	34
New Brunswick	409
Quebec	2,308
Ontario	2,457
Manitoba	432
Saskatchewan	464
Alberta	589
British Columbia	450
Foreign	192
Total	7,796

Mr. HANSON: How many paid subscriptions out of 12,000?

Mr. MURDOCK: For the English edition, 6,654, and for the French edition, 1,142, or a total of 7,796, and that is in all the various provinces.

Sir HENRY DRAYTON: What do they pay?

Mr. MURDOCK: Only 20 cents.

Sir HENRY DRAYTON: A year?

Mr. MURDOCK: Yes. That is the price which was established some years ago which, for various reasons, no one has ever thought it advisable to change. They wanted to get the information into the hands of persons who possibly should have the information. As a matter of fact the Labour Gazette costs about 30 cents a copy to print, and 20 cents hardly pays for the bookkeeping.

Mr. HOCKEN: "A guarantee of good faith."

Mr. MURDOCK: Yes.

Sir HENRY DRAYTON: What is the minister's view on that subject?

Mr. MURDOCK: I have held that we ought to make the subscription about 50 cents a year, and I have been talking for some time about fixing that price.

Mr. HANSON: Is there any advertising matter in it?

Mr. MURDOCK: No.

Mr. HOCKEN: Is the book set up by monotype or linotype?

Mr. MURDOCK: Monotype and linotype, in the bureau, now. I think it was all linotype when it was done outside.

Mr. HOCKEN: The minister will find linotype composition about 40 per cent cheaper than monotype, and it has been good enough in the past.

Mr. MURDOCK: We have both monotype and linotype in the bureau now, and I shall certainly bring to the attention of the bureau officials the suggestion made by the hon. member. Of course I may be mistaken as to just how it is set up, whether monotype or linotype.

Mr. HOCKEN: The minister will inquire as to the difference in the cost between the two?

Mr. MURDOCK: I shall be glad to do that.

Mr. LEWIS: I would like the minister to consider the question of economy of eyesight when he is dealing with this matter.

Mr. MURDOCK: In what way? Does the hon. member suggest that we should not make the type smaller?

Mr. LEWIS: In considering the value of the type, also consider people's eyesight.

Item agreed to.

Industrial Disputes Investigation Act, $35,000.

Mr. HOCKEN: What was spent last year on this item?

Mr. MURDOCK: The amount last year was $25,375.12.

Mr. HOCKEN: Would that not be enough this year?

Mr. MURDOCK: I am afraid not, for this reason. The year before last we had to come to parliament for a supplementary vote of $4,000. In other words, we ran $39,000 for that year, while this year has been exceptional. We have only thirteen boards sitting this year, the second lowest number for any year since 1907; and therefore the cost has been exceptionally low. We had no board that cost us a great amount of money. The chief expense was in regard to the controversy we had up in Toronto.

Mr. HOCKEN: Does the minister think that with fewer strikes a conciliation board is necessary?

Mr. MURDOCK: My hope is that we will be able to get along next year with even less than $25,000; but I feel that, as this item of $35,000 has run along for a number of years, and sometimes is up a little and sometimes down a little, possibly the safest way is to leave it at that amount, because no hon. member in this House can say what is going to be the conditions for the next six months.

Mr. HOCKEN: It would help the minister to make a good showing.

Mr. WOODSWORTH: Can the minister tell us as to the cost of the commission which investigated the steel workers' dispute this year? I think this does not come under this department, but it is part of the industrial conciliation idea.

Mr. MURDOCK: I think that was laid on the Table of the House in response to an order. I am not quite sure of the figures, but my recollection is that the amount was $20,000. If this report is not already on the Table, it will be tabled.

Mr. WOODSWORTH: Can the minister tell us the cost of the troops which were despatched to Nova Scotia this last year?

Mr. MURDOCK: No, I have not that information.

Mr. HANSON: Can the minister give an opinion as to the advisability of sending any troops there?

Mr. WOODSWORTH: These are items which very closely affect this matter. The purpose of the Industrial Disputes Investigation Act is to prevent industrial trouble. Apparently it has not been successful in a number of instances, and we have other large items coming before the House, expenditures such as that of the special commission in the Nova Scotia Steel strike, and sending troops down there. I think it is fair to ask whether any action has been taken by the government to prevent these troubles.

Mr. MURDOCK: I do not know of any action that could have been taken by this government to prevent the troubles which caused the riots in Nova Scotia which resulted in the calling out of the troops.

Mr. WOODSWORTH: May I ask whether the recommendations which were made by the previous Industrial Board with regard to the situation in Nova Scotia, and the recommendations made by the recent commission, have been considered and acted upon by this government?

Mr. MURDOCK: The recommendations and reports of the board have certainly all been considered, and, in so far as this government has any legal authority or right they have been acted upon.

Mr. WOODSWORTH: Could we have a little expansion of that statement.

Mr. MURDOCK: In a nutshell it is this: As I have intimated to my hon. friend before—although I know that he would wish that it was not necessary to agree with me—we have no authority to do the things that my hon. friend would like done, and that I also would like to have done.

Mr. WOODSWORTH: What things?

Mr. MURDOCK: The things that are necessary to deal with some of the conditions and some of the reports that my hon. friend refers to. Under the British North America Act, as I have said before, and as my hon. friend possibly knows better than I do, the provinces have exclusive jurisdiction over property and civil rights; and therefore in regard to very many of these questions that my hon. friend naturally brings before parliament and the federal Labour department, and asks to have them dealt with, or asks, "What are you doing about it?"—we have not any authority to act except by conciliation, or by an indication of our readiness to do anything we have authority to do, or that we are capable of doing. We have no authority to do anything different to change some of the conditions to which my hon. friend objects. That is the exact position in which we have been as regards some of the conditions my hon. friend speaks of in the coal mining industry.

Mr. WOODSWORTH: Do I understand that the minister takes absolutely the ground that there is no possible way in which this federal government can ensure to the steel workers of Nova Scotia a shorter time than the twelve-hour day as they have it at the present time?

Mr. MURDOCK: So far as I know, under the authority that is vested in this federal government or in the Labour department, there is no way to change that condition. I should be glad if my hon. friend, feeling that that is a mistake, would advise how it can be done and give us what we should have done under the circumstances, chapter and verse, so that we would know how to proceed. I would then assure him that the Labour department would move in the direction indicated by him if there was not a blind end to the lane he starts us down.

Mr. HANSON: I will tell the minister how to go about the matter. He might just take the matter up with his friends in the Nova Scotia government. They have authority to change conditions down in Sydney. Has the minister made any representations to the Nova Scotia government in regard to the matter? While he is thinking that over, I should like to ask him this further question: What steps, if any, did he or the officers of his department take to bring about any change in conditions down there, and what, if anything, did they do to settle the difficulties in Nova Scotia before the troops were sent there?

Mr. MURDOCK: In 1923, the steel workers asked for a board of investigation. We did the best that the Labour department could do to get that board of investigation for them, but it was impossible to do so.

Mr. HANSON: Why?

Mr. MURDOCK: In the first place the dispute was in a private industrial concern over which it has never been held that the Industrial Disputes Investigation Act has jurisdiction.

Mr. HANSON: That is to say, the company did not yield to the representations.

Mr. MURDOCK: Although section 63 of the act gives permission, of course, to the minister to establish a board where the two parties agree to have a board, in this case the steel workers made an application for a board; we tried to get the agreement of the company to establish a board, but they declined. That made a situation where we seemed to be powerless to do anything further. There was no law or authority under which we could act further. We went along until June when the steel workers made other requests and finally went on strike, later getting the mine workers with them, and with the result, still later, that the troops were called out. At every stage where there seemed reasonable opportunity for us to do or to offer to do anything, we did what appeared possible, but my hon. friend will realize how powerless is any one who has not authority, to do something. All he can do is to offer his friendly offices or the friendly offices of his department, and this was done in every case as opportunity presented itself.

Mr. HANSON: The minister has overlooked my first question. What representations, if any, has the minister or the department made to his friends in the Nova Scotia government with regard to working conditions at Sydney?

Mr. MURDOCK: Officially, I do not know that we have undertaken to say to our friends, the Ontario government or any other government in any province: You are, in our judgment, maintaining conditions of employment that are not fair and equitable. As opportunity is presented we have taken up matters with all the provinces.

Mr. HANSON: Never mind the others what about this one?

Mr. MURDOCK: We have done exactly the same with Nova Scotia as with the rest?

Mr. HANSON: What representations were made to the Nova Scotia government?

Mr. MURDOCK: I would have to get a good deal of correspondence in order to give in detail just what has been done. What has been done with Ontario, Quebec and the other provinces has been done with Nova Scotia.

Sir HENRY DRAYTON: I take it from that, that nothing has been done with Nova Scotia as regards the steel industry, because my hon. friend would not have to write to Ontario regarding the trouble in the steel industry in Nova Scotia. If all he has done in Nova Scotia is what he has done in Ontario, then he has done nothing in connection with this steel industry. Surely, my hon. friend must see that that is the fact.

Mr. MURDOCK: The hon. member for West York (Sir Henry Drayton) is getting a little ahead of me. As each one of those cases developed, there was certain correspondence by letter or by telegram, between the representatives of the two governments, and

we both wrote and telegraphed, in nearly all of these cases, extending our friendly offices to do anything that appeared to be helpful.

Sir HENRY DRAYTON: That is not the question.

Mr. HANSON: What, if anything, did the government represent to the Nova Scotia government, or did it content itself with offering its friendly offices?

Mr. MURDOCK: A good deal more than that has been done. For example, the recent strike in Nova Scotia was settled, it is said, as a result of officers of the Labour department insisting that the representatives of the company and the workers should not get away from one another in Montreal; that they should not break up and adjourn as they had proposed to do on a certain Friday night. The insistence of the representatives of the Labour department kept them together for three or four days longer, with the result that a settlement was reached. The settlement was later repudiated by the men directly concerned, that is the miners, but the facts are that operation has been going on uninterruptedly under an agreement that was pressed for earnestly by the Labour department.

Mr. LEWIS: Has the government any power to refuse to send troops into this area if requested to do so by the provincial authorities?

Mr. MURDOCK: My understanding is that, under the present terms of the Militia Act, the government has no authority to refuse to send troops when called upon to do so. In answer to the hon. member for Centre Winnipeg (Mr. Woodsworth), who, I think, asked that before, I believe I can say that before this session of parliament is over, the House will have an opportunity of considering proposed amendments to the Militia Act dealing with that question.

Mr. HANSON: Is it not true that in the by-elections of Cape Breton, the Minister of National Defence (Mr. Macdonald) pledged himself to introduce amendments to the Militia Act in that respect?

Mr. MURDOCK: I do not know. If he did, I have just said that I think he is going to make good on his pledge.

Mr. LEWIS: Who will be the authority to decide as regards the calling out of troops if trouble occurs in a certain place?

[Mr. Murdock.]

Mr. MURDOCK: I could not say. I presume that will be in the amending bill when it comes before the House.

Mr. LEWIS: Is it possible for the Minister of Labour to protest against the sending in of troops to those industrial areas? Would his protest have any effect?

Sir HENRY DRAYTON: That might depend upon how he did that or who he was.

Mr. WOODSWORTH: Has the Minister of Labour notified the International Labour Conference that Canada that signed the peace treaty granting the eight-hour day, finds herself quite incompetent to carry out that clause of the treaty?

Mr. MURDOCK: On several occasions we have laid before the International Labour Conference the conditions existing, and the Director and all other officers of the International Labour Conference know quite well that the question is one with which the federal government cannot deal except in so far as it may be authorized by the various provincial governments.

Mr. HANSON: Has the minister ever requested the provincial governments to put these recommendations into effect?

Mr. MURDOCK: On several occasions, and he will continue to do the same.

Mr. HANSON: What has been the result?

Mr. MURDOCK: The provincial governments have the various questions under consideration. Some of them have made headway with a few of the questions that have come from the International Labour Conference.

Mr. WOODSWORTH: I presume that the Dominion government's own employees come under federal jurisdiction, whatever may be true of Nova Scotia. I am informed that the stationary engineers and the firemen who look after government furnaces are on duty Saturday and Sunday, on Good Friday, on Christmas and Labour Day and on every holy day and every holiday; so too are the watchmen, who work twelve hours a day and seven days a week. Is the Labour department taking any steps to see whether the eight-hour day and the six-day week are being observed in regard to these employees of the Dominion government?

Mr. MURDOCK: These are matters in regard to which this parliament has given complete jurisdiction to the Civil Service Commission, so that any representations that

might be made concerning hours of labour, holidays and so forth would have to be considered by the commission. I hope there is no doubt as to where the Labour department or its minister would stand on that question, but as I say the Civil Service Commission has entire jurisdiction.

Mr. MICHAUD: Since when?

Mr. MURDOCK: My understanding is, since the act of 1919 was passed. Let me inform my hon. friend opposite that a recommendation was made by a subcommittee of council some weeks ago to the commission to the effect that these questions should be taken up and dealt with, and I understand that meetings are now being held in regard thereto.

Mr. WOODSWORTH: At the Peace Conference there was a sort of charter of labour drawn up and a large number of nations pledged themselves to see to it that labour should be given an eight-hour day. I notice by literature that comes to us from various European countries that many of these countries are placing legislation on their statute books to give effect to this convention. Now, we are in competition with these other countries and it seems we are claiming exemption. We have been told by the Minister of Labour that Canada has absolutely no jurisdiction in this matter. We have been further told recently that even the Canadian parliament has no jurisdiction over its own employees.

Mr. MURDOCK: I wish to correct that statement lest it go out. I did not say that Canada has no jurisdiction in the matter; or if I did say that, then it is unfortunate. At any rate, what I say now, and what I intended to say, was that Canada has no jurisdiction other than that which is given to the federal government by the British North America Act. The provinces have jurisdiction in this particular matter, and when they accept the eight-hour day proposal and so notify the federal authorities, the federal authorities will be glad to pass it on to the International Labour Conference.

Mr. WOODSWORTH: I think that is the sense in which I used the term when I said that Canada had no jurisdiction: the federal parliament is incompetent to act except as explained by the minister. We are further told even that we as a parliament have no jurisdiction over our own employees. It seems to me that this is not playing the game fairly; it is not taking the matter seriously. If we have no power in relation to our own employees, then I think that at this very session of parliament the government should introduce some measure providing such power. If we have deputed the power to other authorities it should be retracted. I cannot conceive of this Dominion government being earnestly desirous of bettering the conditions throughout this country and having absolutely no power with regard to this matter. I think that if the department and the government took this matter up very definitely with the different provinces an arrangement could be arrived at. The time has come when we cannot allow such important matters any longer to be made a football and kicked back and forth. I say that the thing is becoming very serious, so far at least as the workers are concerned. These people go to the provincial authorities who, in many instances, say, "We cannot act in this matter"; then they go to the federal authorities only to receive the same intimation. And in the meantime an immense amount of irritation is provoked, as well as disgust with governmental institutions, resulting finally in trouble such as we had in Nova Scotia. I take it that if the government has power to send troops down to Nova Scotia to quell riots in that province it ought to claim power in some way to remove these evil conditions.

Sir HENRY DRAYTON: The minister stated that a large part of the cost was due to the trouble in Toronto. Does he refer to the dispute with the Toronto Electrical commissioners?

Mr. MURDOCK: Yes.

Sir HENRY DRAYTON: How much did that dispute cost?

Mr. MURDOCK: The board that was appointed cost $697.94 and the legal services, $6,998.90.

Sir HENRY DRAYTON: How on earth did it cost all that?

Mr. MURDOCK: That is the cost of legal advice by legal gentlemen who were appointed to oppose the numerous lawyers who were secured by the other side. I may say, however, that we shall get that back because the decision was filed in our favour, with costs.

Mr. HANSON: What retaining fees were paid by the government in this case? I mention this because in going over the Auditor General's report the other day—

Mr. MURDOCK: No retaining fees

Mr. HANSON: —I noticed that the government had paid to a Mr. Wilson, now Mr. Justice Wilson, in the Merchants Bank case, a retaining fee of $3,000, and to Mr. Creelman, of Montreal, in the same case a retaining fee of $2,500. These sums seem to be exceedingly large and out of proportion to what should have been paid; it is more than a private corporation would have to pay for similar services. Perhaps the minister can give us some information as to what services these sums represent.

Mr. MURDOCK: There were no retaining fees in this particular case.

Mr. HANSON: You will see when you get the bills.

Mr. MURDOCK: We paid only for legal services.

Sir HENRY DRAYTON: Was there not a per diem? What was it?

Mr. HANSON: And to whom was it paid?

Mr. MURDOCK: To Mr. H. H. Dewart, for services and expenses—taxed by the Department of Justice, understand—there was paid $1,825.90; to Mr. Lewis Duncan for services and expenses there was paid the sum of $4,532.60; to Mr. Bernard Rose, $140.40; and to Heaton Kortright and Company, electrical industrial experts, $500 was paid for services rendered.

Mr. HANSON: What rate per diem was paid Mr. Hartley Dewart?

Mr. MURDOCK: I cannot give that information, I am sorry. My recollection of the other bill is that some $60 a day was paid for the actual handling of the cases.

Sir HENRY DRAYTON: How many days did the case occupy?

Mr. MURDOCK: It was considered by three courts. First of all the judge who dealt with it issued the injunction, then the matter went before Mr. Justice Mowat, taking up some time in his court; finally it went to the Appeal court. I am not sure how many days it occupied altogether. The Department of Justice taxed the bill.

Sir HENRY DRAYTON: I would point this out in connection with the trouble. We have in Toronto a body that is just as responsible to the voters as is my hon. friend; we have there a municipal commission which under a provincial statute is carrying on public business, not for profit but merely for service. That commission has a dispute with its workmen, and my hon. friend rushes in. It may be that under present conditions my hon. friend can, as in the Toronto case, do the unnecessary thing.

Mr. MURDOCK: Surely my hon. friend does not think it fair to ask me, as Minister of Labour, to justify my position when the matter he refers to is before the courts? We have a four-to-one decision in our favour from the appellate court of Ontario, and the case is going to the Privy Council. I do not want to claim any authority for the department except such as the courts may determine it is entitled to exercise. This matter has been pending for many years, and I am entirely willing that the courts should deal with it.

Sir HENRY DRAYTON: The courts do not put those proceedings in motion. My hon friend asks me what I think is the fair thing to do. I answer: Leave municipal representatives to look after municipal business. On the one hand we are told that the province has everything to do with property and civil rights. If that is so, one would think that the minister would keep his hands off a commission which is running a public utility for service, not for profit. Surely if any effect is to be given to the argument of property and civil rights it should be given in such a case. But apart from that, what is the use of one governmental body interfering with the jurisdiction of another governmental body and at the same time saying: We cannot do anything in connection with the Nova Scotia Steel Company's dispute with their workmen because property and civil rights of the province are there called in question? That is the situation. The result is that property and civil rights, where they are in the hands of the Nova Scotia Steel Corporation, are not interfered with, nothing is done; but when they are in the hands of the Toronto Electric Light Commissioners—and it does not make the slightest difference to them personally what the wages of their workmen are, for, as I say, the utility is being operated absolutely for service to the public and without profit—then it is a case for interference on the part of the minister. I do not say anything as to what the courts should do; I am pointing out this absurdity in connection with the administration of the act.

Mr. CARROLL: The hon. ex-Minister of Finance (Sir Henry Drayton) suggests that the Labour department rushes into the dispute between the Toronto Electric Light Commission and their workmen. I presume this trouble came before the department in the ordinary way?

Mr. MURDOCK: Yes.

Mr. CARROLL: That is what I would point out to my hon friend. The matter came before the minister's department in the usual way, that is, a conciliation board was asked for?

Mr. MURDOCK: Yes.

Mr. CARROLL: I presume my hon. friend would be the first to criticize the Minister of Labour and his department if this conciliation board had not been granted.

Sir HENRY DRAYTON: I certainly would not.

Mr. CARROLL: Then, does my hon. friend suggest that the Labour department rushed into something not within its sphere of jurisdiction? With regard to the Nova Scotia Steel Company, my hon. friend from Centre Winnipeg (Mr. Woodsworth) is continually harping on our labour troubles in Nova Scotia. I thank Heaven that to-day we have no industrial troubles in my province. Why does he not sometimes make reference to similar troubles in the West? I have never yet heard him say a word in this House on behalf of the miners of the West who at present are on strike.

Mr. WOODSWORTH: Is there no trouble at Stellarton at the present time?

Mr. CARROLL: It is not an industrial trouble at all, it is an internal trouble which the union is trying to straighten out.

Mr. HANSON: Will the hon. member be good enough to tell the House how it is that Mr. McLachlan is out of jail?

Mr. CARROLL: My hon. friend knows as much about that as I do.

Mr. HANSON: I do not think so.

Mr. CARROLL: He is out of jail because the Justice department granted him parole under the criminal code. Is my hon. friend complaining because Mr. McLachlan is out of jail?

Mr. HANSON: Yes, I am. He was paroled within two or three weeks after being put in Dorchester penitentiary. It is a case without parallel in the history of this country.

Mr. CARROLL: I am not complaining of Mr. McLachlan being out of jail, because I know of hundreds of people in this country who should be sent to the penitentiary if he merited imprisonment.

Mr. HANSON: I hope you don't mean me.

Mr. CARROLL: Of course not. I think Mr. McLachlan's is the second case in which the Justice department exercised its powers, another man in Toronto having also been liberated on parole. But I am not going to discuss Mr. McLachlan's case—he and I are not the best of friends. With regard to the Nova Scotia Steel Company, now a part of the British Empire Steel Company, it does not come within the scope of the Industrial Disputes Act, and I believe something should be done to bring all such corporations under the jurisdiction of the Labour department. but, notwithstanding, the Labour department last year sent a commission to Sydney under the chairmanship of Dr. Robertson, a very capable gentleman. They investigated labour conditions in the plants of the Nova Scotia Steel Company and the Dominion Steel Company, and I believe the report which they later made has already had a very good effect upon the industrial relations in both those companies. I agree with my hon. friend that something should be done as quickly as possible to bring all large industrial corporations within the scope of the Industrial Disputes Act. It does seem to me to be the height of absurdity—I am not criticising the Labour department—that while the British Empire Steel Company is subject to the jurisdiction of the Labour department, three of its components, the Nova Scotia Steel Company, the Dominion Steel Company and the Dominion Coal Company are outside such jurisdiction. I hope that the Labour department will look into this anomalous condition and take steps to bring all such corporations within the scope of the act. Personally I wish to say a word of praise for the manner in which the Labour department handled the unfortunate lock-out in connection with the coal mines of Nova Scotia. It was not a strike; the miners were given a holiday, so to speak, by the mine managers. The representatives of the miners and of the companies met at Sydney and could reach no agreement. Then with representatives of the International Board they met in Montreal, and there was a deadlock. Our people from Nova Scotia were on the point of going home when the Labour department intervened by wiring to these people to stay there until they could send a representative down. This they did, with the result that an amicable arrangement was arrived at, and in that connection the Minister of Labour and his department did very good work.

The matter of the eight-hour day, to which the hon. member for Centre Winnipeg has referred, is a very serious and a very knotty problem. It strikes me that there should be

a conference of representatives of the provinces and of the Department of Labour to discuss this matter. I am not sure that the present law takes away any jurisdiction from the federal parliament in the matter of dealing with the eight-hour day. I think that a better argument could be maintained on behalf of federal jurisdiction in connection with the eight-hour day than can be maintained with regard to this very act which is under consideration, the Industrial Disputes Investigation Act. Everything in connection with the eight hour day points to the fact that it is a matter that should be dealt with by the federal parliament.

Mr. HANSON: Is it not a matter of civil rights?

Mr. CARROLL: I am not so sure that it is a matter of civil rights. I believe that if the question were referred to the Privy Council—and I am not charging my hon. friend anything for the opinion—they would reach the same conclusion that they reached with regard to liquor legislation as affecting this country; they would say that it was a matter for the well-being of Canada at large, as they did in connection with various other matters which we sent over to them. I believe that if the argument were put strongly before them they would decide that our federal parliament has the right to legislate in regard to the eight-hour day. Why? Is not the matter of temperance a matter of civil rights within the various provinces? In enforcing prohibition you are taking away a right from the individual. The Privy Council decided that both the provincial legislatures and the federal parliament had power to deal with this matter. How much more is the eight-hour day a matter of civil rights than the question of taking away from a man the right to a drink of beer, two per cent or otherwise?

Mr. HANSON: The Privy Council did not say it was a matter of civil rights; they said it was a matter of police regulation.

Mr. CARROLL: They said more than that. They said it was a matter in connection with the peace, order and good government of Canada; that was their final judgment.

Sir HENRY DRAYTON: That is the police section—peace and order.

Mr. CARROLL: A matter of the peace, order and good government of Canada. I believe that the matter of the eight-hour day comes as squarely within that category as anything the Privy Council have given their decision upon. But I shall not discuss the matter any further, except to suggest to the Minister of Labour and to the Labour department that after a conference such as I have suggested there should be a reference —and I am not particular whether it costs the country $10,000 or $50,000—either to the Supreme Court of Canada or to the Privy Council of England, as regards legislative jurisdiction on the eight-hour day. I hope the minister will take my suggestion seriously and act upon it during the coming recess.

Mr. MURDOCK: We did have such a conference last year, when this matter and other subjects of mutual interest emanating from the International Labour Conference were discussed at considerable length. We have taken some action as a result of that conference and other action is still under way looking to further co-operation.

Mr. SPENCER: How many strikes took place last year?

Mr. MURDOCK: The Labour Gazette for February, 1924, gives the complete information, arranged under such headings as the following: Industry or occupation; locality; cause of object; method of settlement; result; date of commencement; date of determination; employers involved; employees involved; time lost in working days; duration in working days. There were 91 strikes during the year; The number of employees affected was 32,868 and the number of employers 419, and the time lost in working days, 768,494, or something like 1,206,000 days less than the year, 1922. My hon. friend can get the full information covering a period of years from the February issue of the Labour Gazette.

Mr. SHAW: The point brought to the attention of the minister by the hon. member for Centre Winnipeg is worthy of serious consideration, that is, the question of the hours of work of federal employees. I noticed a recent editorial in an Ottawa newspaper drawing attention to the fact that, as pointed out by the member for Centre Winnipeg, stationary engineers and firemen are on duty Sunday, Saturday, Good Friday, Christmas, Labour Day and every other holy day and holiday. Watchmen apparently work twelve hours a day seven days a week. I was rather surprised the other day to find upon inquiry that the policemen who patrol this building, both inside, I presume, and outside, work seven days a week. I believe they work, however, only eight hours a day. I see no reason why the federal government should not make the necessary regulations to provide that the employment of its own servants shall come within the provisions of the conventions arrived at overseas and also within the

provisions of the Lord's Day Act. The minister says these are matters which are under the jurisdiction of the Civil Service Commission, but I would like to be referred to the section of the Civil Service Act which gives authority to the commission to override the action of parliament in the matter of holidays and the Lord's Day Act. This matter, especially that aspect of it bearing upon the hours of work of federal employees, should receive the serious consideration of the minister, because I am sure that without very much difficulty legal changes could be made to bring these employees under working conditions which would be more in accord with the findings of the Genoa conference. Certainly the federal government, in suggesting these changes in labour regulations, should be the first to adopt them, and from that standpoint alone the minister should see to it that relief is given to federal employees in this regard.

Mr. MURDOCK: I am very glad to hear the hon. gentleman take the position he does, and I can assure him that I regard the conditions he speaks of as absurd, obsolete, and unfair to Canada. If he can assist in any way in having those conditions changed I will regard his action as something that is very desirable. The department and the Minister of Labour are doing everything possible to change the conditions, but others have some authority and jurisdiction over them. I agree with my hon. friend that men should not be required to work seven days a week, but I insist that he is in error in thinking that the Civil Service Commission regulations have nothing to do with some of the positions that were enumerated before. I am not referring to the staff of the House of Commons, because that was not referred to by my hon. friend from Centre Winnipeg, but to firemen and others who were mentioned before. I think my hon. friend will find that they come under the regulations of the Civil Service Commission. I have made representations in regard to them on numerous occasions, because I agree with my hon. friend that the conditions ought to be changed.

Mr. SHAW: This occurs to me at the moment: If an amendment were made to the Lord's Day Observance Act, providing that federal employees were to get the benefit of the act regardless of any other provisions, I can see no reason why that could be questioned.

Mr. MURDOCK: As my hon. friend knows, all the provinces have a Lord's Day Observance Act or regulations on the subject.

Mr. SHAW: It is a Dominion government act.

Mr. MURDOCK: If my hon. friend will look into it, he will find that the federal government has to work in consultation with the provincial government on the matter. As a matter of fact, we are now undertaking to do just that very thing, to draw up a regulation that will be held to conform to a certain recommendation emanating from the International Labour Conference.

Mr. SHAW: My recollection of the Lord's Day Observance Act is that it is federal in its character and in its scope, but that before a prosecution for a violation of the act can take place, the attorney general of the province concerned must give a fiat authorizing such prosecution. I see no reason at all why the federal government cannot legislate with regard to its own employees, and I would like to see the minister make an effort in that direction, at all events.

Mr. MURDOCK: We have been making every effort, and if my hon. friend will assist to the extent of going before the Civil Service Commission and urging that some of the conditions now being maintained are absurd, obsolete and out-of-date, he will help some.

Mr. SHAW: I shall be glad to do it.

Mr. WOODSWORTH: If the Lord's Day Observance Act is intra vires of the Dominion parliament, there seems to be no reason why eight-hour day legislation should be ultra vires.

Mr. LEADER: When was this conference held?

Mr. MURDOCK: September 4, 5 and 6, 1923, in Ottawa.

Mr. LEADER: I presume I am in order in bringing to the attention of the House an item which I see in the Auditor General's report, volume 2, page M-14, under the heading "Unforeseen Expenses."

Mr. MURDOCK: So that my hon. friend will get the matter straight, that item refers to the conference held in 1922. But it is entirely all right for my friend to bring the matter up.

Mr. LEADER: It says here, September 5, so I thought it referred to last year, but I see it says 1922. I was going to say that

the word "unforeseen" should be deleted, and the word "unwarranted" substituted therefor. The item reads:

Expenses in connection with Dominion-Provincial Conference on Unemployment:
The Royal Golf Club, Aylmer Road, Que., dinner of 60 covers.. .. .. $347 20

Mr. Chairman, I object to the high cost of dinners, as this is almost $6.00 per plate. The item continues:

A. J. H. Bruce, services of orchestra at dinner.. .. .. $65 00
The Hull Electric Co., special street car service to Ottawa Golf Club.. .. .. $25 00

I would ask the minister whether he, as a representative of the people, thinks that this is a judicious expenditure of public money.

Mr. MURDOCK: I am not taking any particular point of disagreement with my hon. friend. I would like to have it here and now determined by this House whether it is a consistent thing. I was not altogether enthused over the necessity for it, for the simple reason that I have not been very familiar with these things in the past; it has been a case of work and eat and sleep with me. But the responsible officers of the department and others in the government indicated that as upon that occasion we had here in Ottawa representatives of all the provincial governments in Canada—perhaps my hon. friend would like to have the list?

Mr. LEADER: It is not necessary.

Mr. MURDOCK: I think when it comes to a question of criticizing the Minister of Labour of the federal government, the House ought to have the list now, especially as this matter has been given some newspaper publicity. There is no desire on my part to justify this thing or to dodge any criticism of it. The delegates in attendance were as follows:

Nova Scotia: Hon. G. H. Murray, premier; Hon. R. E. Finn, minister without portfolio; W. B. MacCoy, secretary, Industries and Immigration; Mr. J. C. Tory, M.P.P.

New Brunswick: Hon. Clifford W. Robinson, Minister of Lands and Mines.

Quebec: Mr. Jos. Ainey, General Superintendent of Employment Service; Mr. J. A. Metayer, Deputy Minister of Public Works.

Ontario: Hon. E. C. Drury, premier; Hon. Walter Rollo, Minister of Labour; Mr. J. H. H. Ballantyne, Deputy Minister of Labour.

Manitoba: Hon. R. W. Craig, Attorney General; Mr. A. MacNamara, secretary, Bureau of Labour.

Saskatchewan: Hon. J. P. Gardiner, Minister of Highways; Mr. Thos. Molloy, Commissioner of Labour.

Alberta: Hon. Alex. Ross, Minister of Labour.

British Columbia: Mr. J. D. McNiven, Deputy Minister of Labour.

Other gentlemen were also present, attending the conference, but the list I have read comprises the representatives of the provincial governments. At that conference in September, 1922, it was suggested that it would be the proper thing, gathered as we were there for a three days' conference, with all the provincial representatives present, to have a little dinner, and I assume full responsibility for giving the necessary permission. But if it was not right, you tell me so now, and there will not be any more of it in my department while I am here.

Mr. SUTHERLAND: Can the minister inform the committee what tunes were played by the orchestra?

Mr. GRAHAM: "Work for the Night is Passing."

Mr. HOEY: Did the Dominion government pay the entire expenses of that conference?

Mr. MURDOCK: We paid the expenses of the dinner, but so far as the general expenses of the conference are concerned, the provinces paid the expenses of their own representatives.

Mr. LEADER: I am very glad to hear the minister say that he is not particularly enamoured of this method of spending public funds. I know that the city of Winnipeg has made a claim against the Dominion government for $47,000 towards an unemployment obligation incurred by that city. On the ground of economy the Dominion government, no doubt, cannot help to pay that bill, but $6 per plate that was spent at this dinner would have fed a good many of these unemployed. I am not taking the part of the unemployed particularly; some of them do not deserve it, but a great many of them undoubtedly do. I am very glad the minister has taken the stand he has taken just now. Every department of the government is permeated with these little entertainments. There are more to come, and I intend as a representative of the people to bring them before the House, and, if the newspapers will take note of them, before the people of this country. If the people are willing to pay for these entertainments, I can afford to pay my share, but I honestly believe that people in general do not know that our public moneys are being used in this manner. Therefore I am making this protest and I am glad to see the minister backing me up. If he wants the House to decide, I hope they will decide in the right way.

Sir HENRY DRAYTON: Who is responsible for the music?

Mr. MURDOCK: I really could not tell my hon. friend.

Sir HENRY DRAYTON: Was there dancing?

Mr. MURDOCK: I do not think so.

Mr. GARLAND (Bow River): As the minister has apparently been so sincere in this matter, is he prepared to ask the House to say whether they are willing that he shall continue to expend money on this kind of entertainment or not? I think we can get an expression from hon. members if the minister so desires. As a private member I am unable to bring the matter to the attention of the House, but the minister can bring it up.

Mr. MURDOCK: My hon. friend from Bow River (Mr. Garland) will understand that I can only properly speak for my own department; and I think my hon. friend will agree that each and every case would have to stand on its merits and be determined at the time. I have noted the objections of my hon. friend, I will pay attention to his suggestions, and will be prepared to assume full responsibility, if there is any failure to comply strictly with his suggestions.

Mr. SPENCER: The hon. minister read to the House the names of various guests from the different provincial governments. Were any of those guests responsible for the activities?

Mr. MURDOCK: No, I simply gave the names in order to indicate the personnel of the conference that was being held, and I did not read all the names. Other gentlemen at the conference were representatives of labour and soldier organizations, and so forth. There were some sixty all told.

Mr. LEADER: I think the House is in a receptive mood this afternoon. Therefore, in order to test the feeling of hon. members in regard to items of this nature, I move that item 270 be reduced by the sum of $347.20, the amount paid for the dinner.

Mr. MURDOCK: My hon. friend will understand that the dinner was not paid for out of this item.

Mr. HOEY: Has it been paid for yet?

Mr. SUTHERLAND: The minister read the names of the delegates present, in order to give us an idea as to the kind of people who attended on that occasion.

Mr. MURDOCK: The personnel of the conference.

Mr. SUTHERLAND: Would that indicate the necessity of taking them over to the Royal Ottawa Golf Club to be entertained? Could they not have been entertained in Ottawa?

Mr. MURDOCK: They could no doubt have been entertained equally as well in Ottawa.

Mr. GOULD: In his reply the minister stated that this sum was not to be paid out of the item before the House at the present time. Nevertheless the minister possibly can inform the House whether, when this item which we are now discussing was being compiled, a smaller or greater sum was included in the item for like expenditure or similar events this year.

Mr. MURDOCK: No, the item the hon. member from Portage la Prairie (Mr. Leader) speaks about, would be paid out of contingencies. When we come to the contingency vote I will be glad to see how close to the edge we have been travelling with contingencies year by year, so as to ascertain whether it would have made any material difference. It would not have anything to do with this vote at all.

Mr. GOULD: Contingencies and consolidated revenue might be classed almost as the same. For instance, the amount of money which the western people think is due them from the activities of the old Wheat Board might possibly be contingencies or consolidated revenue, and provide a nice little feast for gentlemen who come down from Saskatchewan.

Mr. STEWART (Argenteuil): That is a trust account.

Mr. GOULD: But the people who produce the money apparently are not entitled to their share of it. It seems to me it is being divided up improperly, if these hon. members receive their share through the pleasures or activities of the Ottawa Golf Club, and the rest of the people who contribute do not get any of it.

Mr. MURDOCK: Would my hon. friend be willing to let his motion deal with the particular item involved? I am sure he would not want to stint a vote that is for the purpose of maintaining industrial peace in Canada, which is the purpose for which this money we are now voting is to be used.

Mr. LEADER: I will accede to the minister's request, and will raise this question when the proper item is called. The amount is so infinitesimal, however, that it will not make any difference on any vote. I brought the matter up to test the feeling of hon. members, and I will now withdraw it.

Item agreed to.

Fair Wages and Inspection Officers, $5,000.

Sir HENRY DRAYTON: What was spent last year?

Mr. MURDOCK: Every cent of the $5,000 was expended. The items are:

Services and expenses re Vancouver Island Cost of Living Commission	$ 317 00
Travelling and office expenses	4,107 46
Freight and expressage	63 26
Sundries	24 06
Telephones and Telegrams	397 12
Printing and stationery	91 10
	$5,000 00

Mr. SPENCER: Can the minister give us figures of the average wages of farm labourers in Canada?

Mr. MURDOCK: Does the hon. member want the average current wages paid to labour in Canada?

Mr. SPENCER: Farm labour.

Mr. MURDOCK: No. that would be entirely too large an order.

Mr. SPENCER: Does this item relate to the Fair Wages Board?

Mr. MURDOCK: No, they deal only with Federal government undertakings. They have nothing to do with the fixing of farm wages, or for that matter, any wages, except that they determine what is a fair wage for employees on work which is assisted by Dominion government funds.

Sir HENRY DRAYTON: I suppose the minister would say that in fixing a fair rate of wages to be paid by the government he does not divorce himself from the proposition of applying the prevalent wage on the labour market generally?

Mr. MURDOCK: Oh no, I take that into consideration, because when you canvass the entire field you then know what fixes the correct wage for a government undertaking.

Sir HENRY DRAYTON: Looking at it in that way, I think if the minister tells us his own fair current wage it would give us a pretty good indication as to what the fair prevailing farm wage would be.

Mr. MURDOCK: Wages differ in different localities. For example, last winter we had a carpenter's rate, as I recall it, at Blind River on the Soo branch of the Canadian Pacific, fixed at 65 cents an hour. The wage for the same class of work in Ottawa or vicinity would be 75 cents an hour, in the Welland district, 80 cents an hour, at Haileybury on the Temiskaming and Northern Ontario railroad, about 55 cents an hour and out in the West, around Edmonton, about 80 cents an hour. Wages differ in different parts of the country. The same thing is equally true with regard to common farm labour. The rate depends largely upon the demand and the supply, the necessity for getting the labour at any particular point.

Mr. SPENCER: I was trying to find out if the minister had given any study to the difference between wages paid in any particular part of the country to men working on farms and men working in other industries, taking into consideration the cost of living, because there is a fairly large difference.

Mr. MURDOCK: My hon. friend may not know that the Labour department or its Fair-wage officers have nothing whatever to do with fixing rates of wages for farm labour in any part of Canada. In the various provincial employment offices which are partially paid for by the Dominion, the instructions are that all that the officers shall do is to ascertain what wages are offered and to convey that information to the prospective employee. We take no action whatever in determining that this, that or the other rate shall be the wage set. In cases though like the Welland ship canal, we are called upon to determine what is the fair and current wage for a long list of employees.

Mr. SPENCER: How does the department come to a conclusion regarding that fair wage?

Mr. MURDOCK: By canvassing the entire district where the work is to be performed, and finding, for example, where blacksmiths, and blacksmiths' helpers, in that territory are employed, how many of them are employed by this, that or the other concern and what they are getting per diem. When the Fair-wage officers go over the entire field, then a reasonable, fair, consistent, current wage is struck and those are the wages set for the particular Welland canal job. That is the way in which the wage is struck.

Mr. MANION: Has the minister any way of checking up wages paid in Canada in different occupations with wages paid in other countries?

Mr. MURDOCK: Yes.

Mr. MANION: Has he at hand the wages paid in different countries for different lines of occupation?

Mr. MURDOCK: My hon. friend might be interested in this publication entitled, "Wages and Hours of Labour in Canada" comprising 1921, 1922, 1923, issued as a supplement to the Labour Gazette of January, 1924. It gives rather interesting data regarding all classes of labour in Canada for those three years. Then we have Report No. 5, which gives hours of labour in Canada and other countries.

Mr. MANION: What about wages?

Mr. MURDOCK: We have not in these pamphlets the comparison of wages with other countries.

Mr. MANION: Has the minister that in his department?

Mr. MURDOCK: Yes.

Mr. MANION: Can the minister offhand give me comparisons, I do not mean absolutely to a cent?

Mr. MURDOCK: I could possibly intimate what my hon. friend is thinking of and that is that Canada is well in advance of many other countries as respects wages, and approximately close to the United States as respects rates of wages paid for different classes of labour in that country.

Mr. MANION: I know that we are well in advance, but I should like to know how well in advance, if the minister can give me an idea. I have seen figures showing wages in England, Germany, France and other European countries as one-third to one-half wages paid in Canada covering practically all lines of occupation. Can the minister confirm that or has he the figures to give an estimate as to the difference?

Mr. MURDOCK: I have no doubt that is a practically correct statement, but we shall take care to send to the hon. member a statement giving that exactly.

Mr. MANION: I appreciate the courtesy, but I should be glad if, instead of sending it to me, when the minister goes on again with his estimates, he would place those figures on Hansard. It would be convenient for the House to have them on Hansard in connection with discussions on various matters.

Mr. SPEAKMAN: When the minister gives those figures, would he also give us the cost of living index figures for the various countries?

Sir HENRY DRAYTON: The minister pointed out how he gets at what the fair-wage is as regards the Welland canal contract and he instanced blacksmiths. I think I am right in saying that there is a different remuneration for all the different activities.

Mr. MURDOCK: Yes.

Sir HENRY DRAYTON: He gets his average as to blacksmiths from blacksmiths in the neighbourhood, and in the same way for carpenters and so on. As regards direct labour, I understand that the rate is arrived at by finding out what direct labour is paid in the locality. That being in a farming country, a great deal of the labour there would be farm labour. Can the minister give to the hon. member interested in this question of farm labour, any comparison between the rate paid for unskilled labour on the Welland canal contract and the rate for farm labour in that district?

Mr. MURDOCK: There would not be very much farm labour taken into consideration in making a computation of this kind. For instance, we took the Hydro-electric big ditch, the labour employed thereon, and also the labour employed in the various large industries in the St. Catharines and Niagara districts. That would be nearer to the class of labour the rates of which we were going to determine on the Welland canal. I do not think we went to any farm labour to make a comparison, because it could hardly be held that a man working in the big ditch would be in the same class of labour. As a matter of fact, the labourer's rate on the Welland canal job was practically fixed by the contractors themselves.

Sir HENRY DRAYTON: What was the rate?

Mr. MURDOCK: Forty cents an hour. It was offered by the contractors in May last and it was fixed by an order on June 20 last.

Sir HENRY DRAYTON: Supposing the minister had to fix the fair-wage rate in the West where there was no other work going on than farm work, and he had to fix the rate in connection with unskilled labour, what attention, if any, would be given to wages paid to farm labourers in that district?

Mr. MURDOCK: As a matter of fact, we have at the present time in Edmonton, a controversy over the rate of wages for labour. The rate is said to be, and to have been, forty-five cents an hour, whereas, on the other hand it is contended by the contractor that wages came down to forty cents an hour. We are having a survey made now to determine whether that is the case or not. In connection with elevator construction I do not think that much attention will be given to the rate paid to labourers on the farm; the

wages paid for work of practically the same nature done in the city will as far as possible be taken as the standard.

Sir HENRY DRAYTON: Do I understand that the standards are fixed irrespective of farm rates?

Mr. MURDOCK: I think it would be almost entirely correct to say so.

Sir HENRY DRAYTON: And fixed entirely without regard to any question of demand for farm labourers?

Mr. MURDOCK: Yes, I think so.

Mr. SPENCER: I suppose the Department of Labour had something to do with the thousands of men who were sent out west to help in the harvest of last year. Some of these men, it is true, were skilled, but a great many of them were unskilled, and they came west expecting a certain wage. Did any suggestion come from the minister's department as to how much should be paid, and, if so, how was the rate arrived at?

Mr. MURDOCK: Absolutely no suggestion whatsoever was made, with any authority, by any one in the department as to what wages were to be paid. My hon. friend will remember that eleven thousand or twelve thousand of the harvesters last year came direct from overseas, going to the West, and with these the Department of Labour had nothing to do. The department however, did cooperate with the employment service and with the railways, as it has done in former years, in the recruiting of unemployed labour in the eastern provinces and sending it forward for service in the West. But in no case were any suggestions made as to wages to be paid, for that is a matter to be determined between employer and employee on the ground.

Mr. SPENCER: That was not the case in regard to the Canadian Pacific Railway, who had a good deal to do with bringing men from Great Britain.

Mr. MURDOCK: I can say nothing so far as that is concerned.

Mr. ROBB: Does my hon. friend object to the labour brought into western Canada last year to move the crop?

Mr. SPENCER: I object to unskilled men being brought from Great Britain on the strength of the promise that they will be paid the wages of skilled men, although they know nothing about the work which they are going to undertake.

Mr. ROBB: We have made no such promise.

[Mr. Murdock.]

Mr. MICHAUD: There are a great many labourers in the Maritime provinces who go west during the harvest. They do not complain about the wages, which they consider fair; but the hours of labour they think are too long: they are required to work from twelve to fifteen hours a day and sometimes as long as seventeen hours. That is something which I should like my western friends to take into consideration.

Mr. LEADER: I challenge that statement, so far as Manitoba is concerned.

Mr. MICHAUD: I have had it directly from men who have gone west and have returned to my constituency; I could give their names.

Mr. LEADER: As an old Manitoban I can say that the hours of labour during harvest time in that province are from 7 a.m. to 12 noon, and from 1 p.m. to 6 and, on some farms, 7 o'clock.

Mr. MICHAUD: They are not as bad in Manitoba as they are in other places in the West.

Mr. GOULD: I wish to follow this question up a little further. I have personal experience in this matter, having frequently gone down to the railway for a number of years to meet harvest excursion trains. Every year I am accosted with the statement that these men have been promised $4, $4.50 and even $5 a day, and what my hon. friend (Mr. Spencer) is no doubt trying to find out is the source from which this information comes. It is useless trying to engage these men at any lower wage. It is quite true that a good many of them are worth the money; but going on a train and looking over four or five hundred men who are going west in search of work one can invariably pick out the competent man. But the trouble is that the incompetent man will repeat with gusto the same story in regard to these promised wages, and it seems to me, from a long experience, that as these harvesters are all armed with this promise or alleged promise, it would be just as well to trace the origin of the information which apparently is given them in the first instance. If the Department of Labour does not make any definite statements to them, the question is, does it convey by implication any promise that these men will receive a certain wage if they go west? The Minister stated something about employers getting together in the case of the Welland canal, for instance, and suggesting 40 cents or 45 cents to be paid. The committee will realise that the farmers are unable to get together to arrange a definite rate of wages. I believe

that if the department would co-operate with certain farmers' organizations it might be possible to arrive at some definite rate, or to come to some understanding, that would be equitable to all concerned.

Mr. MURDOCK: My hon. friend forgets that the provinces are really in closer touch with the employment service in the various parts of the Dominion than is the federal government. All that the federal government does is to co-operate with the provinces in maintaining a chain of employment offices clear across Canada. There are provincial employees in all these offices, but we have at Winnipeg one superintendent and two other employees who staff what is called a clearing house to keep in touch with the western territory. That is all the connection we have with the service in that particular regard. My hon. friend asked whether we suggested the wages to be paid. When labour is to be recruited in the East the labour offices in that part of the country indicate what wages the farmers are offering, and that information is given to the prospective employee in the east. We only act or intend to act as a messenger or go-between.

Mr. GOULD: It seems, then, that the abstract becomes the concrete when these men go west, and that the general idea as to what is being offered in the West is construed as a definite promise.

Item agreed to.

Administration, Employment Offices, Co-ordination Act, $50,000.

Sir HENRY DRAYTON: There is an increase of $20,000.

Mr. WOODSWORTH: We have, I think, really three departments that have to do with employment, namely, the Labour department, the Immigration department and the department that has charge of the settlement of soldiers. Will the minister give us a statement regarding the relations that exist among these three departments, and the measure of co-operation that is practised?

Mr. MURDOCK: The Soldier Settlement Board is under the Department of Immigration. This particular vote contemplates an increase of $20,000 as indicated by my hon. friend (Sir Henry Drayton). The intention is to take from the Department of Soldiers' Civil Re-establishment the employment service activities that have been handled in certain large cities of Canada for handicapped ex-service men and to co-ordinate that service with and handle it in the present employment offices, with possibly some additional staff where necessary, to be paid out of this vote, the federal government paying 100 per cent. This vote, and it is an increase of $20,000, contemplates a co-ordination of existing employment services, that is, coupling up the D.S.C.R. employment service for handicapped ex-service men and the general employment service of the federal and provincial governments. The Soldier Settlement Board employment service is under the Immigration department.

Mr. WOODSWORTH: It is in regard to that that I want a little clearer light. When the twelve thousand harvesters came over from Great Britain last year was there a consultation between the Immigration department and the Labour department before the campaign was started?

Mr. MURDOCK: Generally fairly close touch has been maintained between the Immigration department and the Labour department. Usually, if not always, when additional help is requested from various concerns or individuals the Immigration department ascertain from the Labour department if the Employment Service of Canada is able to furnish the help required, and only in the event of being advised that the help is not available do the Immigration department give permission for this additional labour to come forward. My hon. friend will recall that last year we had in prospect one of the biggest crops in the history of western Canada. It was rather difficult to determine accurately the approximate number of labourers required to handle that crop. It might be said that possibly there was not that collaboration between the Immigration department, the Employment Service of Canada and other bodies which there might have been if we had known beforehand exactly how many men Alberta or Saskatchewan or Manitoba needed. But we could not take a chance of failing to meet the requirements of the West and we had to start to get labour from the East and, to a considerable extent, from overseas in order to be sure of a full supply. As a result I can appreciate my hon. friend may say that we might have known some things that under the circumstances it was impossible for us to know.

Mr. WOODSWORTH: I understand the Labour department has been doing rather good work in trying to dovetail seasonal employment. For example, at certain seasons it is becoming customary for workers in British Columbia to be brought over the mountains to the prairies. Last year that arrangement was more or less disturbed. Then there was a great scurrying around by the Soldier Settle-

ment Board—I happened to be in Alberta in the autumn and observed it—which sent its agents all over the country trying to place newly arrived Old Country immigrants. This of course meant that British Columbia and other Canadian workmen were replaced by newer arrivals. Has the minister any information on this particular point?

Mr. MURDOCK: I do not know that I quite get my hon. friend's question. I can assure him that by co-operation and co-ordination we hope to prevent any conflict of effort that may have occurred in the past. This particular vote is to bring about co-ordination that we think will be valuable and effective. Possibly later further co-ordination can be brought about that will also be valuable.

Mr. WOODSWORTH: I asked about a particular matter last year. We had the Soldier Settlement Board sending officials all over the country to find places for some of these Old Country immigrants, and I understand that this resulted in upsetting more or less the arrangements which the employment office had been building up by which men were brought in from British Columbia to work in the western part of the prairie provinces.

Mr. MURDOCK: My hon. friend is correct. It was alleged that to a certain extent there was that condition. But he must not overlook the fact that about twelve thousand immigrants came from overseas to help gather the western harvest. The Soldier Settlement Board and the Department of Immigration were naturally keeping in close touch with those immigrants and doing everything possible to secure them employment after the harvesting operations were completed. In doing so there was possibly some little conflict, which it is hoped may not recur.

Mr. WOODSWORTH: Coming to this year, I have resolutions from Winnipeg, passed within the last few weeks, complaining of the hundreds of unemployed who are finding it impossible to obtain any work in that city, and that notwithstanding this serious condition of unemployment thousands of new arrivals are pouring in. So bad has this become that the city itself is protesting, and, I understand, has been making advances to other Canadian cities with a view to lodging a united protest against the dumping of immigrants who take the place of our unemployed.

Mr. MURDOCK: I think my hon. friend should wait until the Minister of Immigration comes forward with his estimates and talk to him about that.

[Mr. Woodsworth.]

Mr. WOODSWORTH: I will.

Mr. BROWN: I appreciate the difficulty of the unemployed in the cities. When I was home at Easter I tried to get the employment service to send men out to my farm, but none have been sent along so far. We have always to take into account the fact that in Winnipeg and other cities there are men who simply will not go on the farm—and many of them are no good when they do go. I think from the standpoint of the men themselves, when large numbers are brought out to this country they should not be advised that any kind of man is going to get $5 a day in the harvest field. I have distinctly in mind cases last harvest where men came out with the impression that they were going to get that high wage. The farmers simply would not pay this rate and the men had to be sent adrift. Both from the standpoint of the farmers and the labourers themselves I think there should be great care exercised in advising men just what wages they are going to get in the harvest field, because otherwise it means disappointment all around. I realize that the whole question is a very difficult one. While naturally I am desirous of getting our wheat harvested at a price which we can afford to pay, yet I think we must be reasonable and recognize the difficulty of those who undertake to provide a supply of labour in gauging just exactly the number of harvesters required. I should like to see the fullest co-operation between the farmers' organizations, the various government departments and the railroad companies; there might even be more co-operation than there has been in the past. I would urge upon officials of the department and upon railway officials and others who promise men high wages in the harvest field to put in a qualifying clause—that the men must be such as can earn the wage that the farmers are willing to pay. There is dissatisfaction all around if that is not done.

Mr. GARLAND (Bow River): Mr. Chairman, if I might drag this discussion back from the harvest fields of the West,—I would ask the minister what is the custom of the department on receipt of a report from one of its employment officers that in some town, we will say in Ontario, there are from forty to two hundred unemployed? What would the minister's policy be with regard to immigrants going into that town? What does he do? Does he do anything?

Mr. MURDOCK: I do not know that it could be handled in the way my hon. friend suggests.

Mr. GARLAND (Bow River): I have not made any suggestion yet.

Mr. MURDOCK: My hon. friend suggests that there might be 200 unemployed in a certain city. As a matter of fact there are more than that in Toronto all the time. Every month of the busiest year there are more than that number who, perhaps, do not want to work, who, perhaps, would not work no matter what kind of job they were offered, and Toronto is the chief point, with Montreal or Winnipeg, to which very many of the people of this country go. Therefore we do not maintain any supervision along the lines suggested by my hon. friend.

Mr. GARLAND (Bow River): I will give the minister a specific illustration which will show exactly the information I want to get. I hold in my hand a despatch dated Sarnia, May 13, as follows:

> The Sarnia Council has decided unanimously to endorse the proposition instituted in the city of Toronto for concerted action by cities on the Dominion immigration policy.

Now this is the point that concerns the minister:

> Employment Officer W. P. Lott stated this afternoon that Sarnia had received 200 immigrants within a month while there were 180 of the permanent population of the city on unemployed lists.

In that case what will the minister do? Will he go to the Minister of Immigration or the Department of Immigration and say: "Here, we cannot handle any more of these fellows. You hold them off for a while; store them in Halifax, or, as at present, in the immigration sheds at Winnipeg until we can ship them to Vancouver and thence, if possible, on the Empress to China."

Mr. MURDOCK: The Minister of Labour has nothing to do with the Sarnia employment office other than to see that it is conducted in accordance with an agreement between the minister and the Ontario government and to pay a proportion of the costs of operating it. Therefore the circumstances in connection with the number of employed there would be reported in the first place to the superintendent of the provincial employment service at Toronto, who would have first-hand knowledge of the conditions; then later it would go to the clearing house in Ottawa. The Department of Immigration through their own officers or through the Soldier Settlement Board are handling the immigration end of it. So my hon. friend will see that the Minister of Labour does not deal directly with the situation he speaks about.

Mr. GARLAND (Bow River): Surely the minister is fully aware of the movement that is on foot not only throughout the East but also in the West, particularly in cities like Winnipeg and Edmonton. For example, the mayor of Edmonton refused to accept a relay of immigrants from Winnipeg on the appeal of the mayor of Winnipeg, on the ground that Edmonton had its own unemployed problem and had no room for these immigrants. I would like to ask the minister if his department is going to let that condition continue, or is he going to take the matter up with the Department of Immigration and see that the flow of immigrants in this country is guided by the conditions here?

Mr. MURDOCK: The Department of Labour and the Department of Immigration are closely in touch with each other and in conference on these matters almost daily.

Mr. GARLAND (Bow River): And the problem is still in that state, in spite of the co-operation that the minister speaks of?

Mr. MURDOCK: Conditions arise which give occasion to the statement, "We do not want immigrants," while on the other hand we get just as insistent demands in the other direction, for immigrants.

Mr. GARLAND (Bow River): From whom do the latter come?

Mr. MURDOCK: From many and varied quarters, from all walks of life. My hon. friend could get that data more accurately from the Minister of Immigration when he takes up his estimates.

Mr. LEADER: I understand that the Dominion government co-operates with the provincial government in maintaining employment offices. Then I notice that this item is increased this year by $20,000, and there is the further fact that the employment office at Portage la Prairie has been closed, indicating a saving there. Does the minister contemplate taking on any new work which neessitates the increasing of this vote by $20,000?

Mr. MURDOCK: My hon. friend must have been out when I gave the explanation of this vote. It has nothing to do with the office at Portage la Prairie. The additional amount is provided to take over the Department of Soldiers' Civil Re-establishment employment service for handicapped ex-service men, the Department of Labour to make arrangements with the provincial governments to handle that work in connection with the existing employment offices, and, where necessary, to appoint additional officers. It is to prevent duplication of effort on the part of the D.S.C.R., the Labour department and the

provincial governments, to co-ordinate the employment services and therefore to reduce the cost.

Mr. LEADER: I thank the minister for his answer. I do not want the committee to think I am kicking about the closing of the employment office at Portage la Prairie. I am not sufficiently conversant with the conditions to know whether or not it was actually a necessity. I am one of those who will not ask for anything, even for my own constituency, if I do not think it is necessary.

Mr. ROSS (Kingston): As I understand it, there is to be a co-ordination of services with a view to assisting disabled ex-service men to get work. Is that the idea?

Mr. MURDOCK: No. The D.S.C.R. has for a number of years been maintaining a separate employment service for handicapped ex-service men. That service has been diminishing during the last two or three years until now, for example, in Ontario they have offices at Toronto, London, Hamilton, and Ottawa only. This extra amount is to take that service over and to provide for its being handled where necessary in connection with the existing employment offices.

Mr. WOODSWORTH: I understand from the last few days' discussion that the government are returning to the Liberal platform of 1919. As I recall it, that platform included some provision for unemployment insurance and other kinds of insurance that would be a benefit to the workers. Are steps being taken to provide for some measure of unemployment insurance? We may deal with this matter in a fragmentary or a spasmodic way, but we shall not really touch the root of the problem until some very definite work is done along this line. We are told that other countries are moving. Is the government even going as far as securing information as to what might be done in organizing an unemployment insurance scheme?

Mr. MURDOCK: Of course, a great deal of information has come to the department from time to time, and we have also a very complete statement from the British Ministry of Labour dealing with unemployment insurance, as it has been developed in England.

Mr. WOODSWORTH: Can we get that?

Mr. MURDOCK: I have not got it here, but I will bring it the next time my estimates are up.

Mr. KENNEDY (Edmonton): Is farm labour classified by the department as skilled or unskilled?

[Mr. Murdock.]

Mr. MURDOCK: I would say that it should be skilled, but it very often is not. The labour department does not classify it either way. All the department does, through the employment service, is to suggest that experienced farm labour is required.

Sir HENRY DRAYTON: The hon. member for Lisgar seemed to think, when he was speaking on the question of farm labor, that the present rates were entirely too high, but he did not help the minister by saying what he thought would be a fair rate. He simply objected to $5 a day.

Mr. BROWN: My objection was not to harvest wages at all; I think the hon. member has misunderstood me. My objection was to information which is evidently given to men who come there expecting to get $5 per day, whether they are able to earn it or not, and when some of them do not know anything about farm work. Some men come to the harvest fields who are worth $5 a day, and others are not worth fifty cents, and I maintained that it was unfair, from the standpoint both of the man and the employer, that men should come there under the misapprehension that any kind of man was worth $5 a day. Unfortunately, the disposition seems to prevail not only that any man can be a farmer, but that anybody can be a competent farm hand.

Mr. CALDWELL: I do not know whether I am in order in bringing up this question under this vote, Mr. Chairman; I just came in while my hon. friend from Lisgar was speaking, and I heard farm labour being discussed. I referred to this matter when I was speaking very early last Friday morning, and am pleased to see the Minister of Railways and the Minister of Immigration in their seats now.

The point I wish to bring up relates to the harvest excursions that are run to secure farm help for the West. I urged at that time that the Minister of Railways—he was not then in his seat—or some other responsible minister should see that one part of Canada was not robbed of harvest help to supply some other part. In my province we feel very strongly about this matter. Our farmers in the potato-growing belt have to hire their help by the season, for six or seven months. We pay them good wages in order that we shall have them when the potato harvest comes round, and you can imagine the feelings of a farmer in New Brunswick who has paid a man good wages for four months, and whom he did not need for more than half that time, but kept on just so that he would have him for the potato harvest, when he sees these

big posters advertising harvesters' excursions to the West, and his man comes in at six o'clock and informs him that he is going West on the harvest excursion to-morrow or next Monday.

Sir HENRY DRAYTON: What wages do you pay them?

Mr. CALDWELL: It depends on the skill of the men. I think the point of my hon. friend from Lisgar was that one man might be worth $5 or $6 or $7 a day, and another man might not be worth his board, because he did not know anything about the work, and it would take one man to show him what to do, and he might as well do the work himself. We do not have that difficulty in New Brunswick, because our help is mostly native help, and they are familiar with the work. But we regret very much to see these excursions put on. They practically rob us of the help we have been paying for four months in order to have them with us for the harvest season. I wrote the Minister of Railways last season and urged that the Canadian National Railways should not put on excursions from points where farm help was needed worse than in any other part of Canada, because it was simply robbing us of the men we must have if our crop was not to go to waste, and he replied that it was a matter for the management of the railways.

Mr. GRAHAM: That would be protection, would it not?

Mr. CALDWELL: No, justice.

Mr. GRAHAM: Deny these men the right to go any place in Canada?

Mr. CALDWELL: No, but do not hold out special inducements for them to leave the farmer who has been paying them good wages for four months. It is getting labour under false pretences in many cases, too, I think. I contend that this is not a matter for the railway management. This transferring of people from one point to the other should be a matter of government policy. If you leave it to the railways, of course, they like to get the fares, although I submit they are not making very much money out of these harvest excursions. I think the government should take some stand in this matter and see to it that one part of Canada is not robbed of help to supply another. It is like robbing Peter to pay Paul, or worse.

Mr. MURDOCK: I will give very careful thought to the question of running harvest excursions out of New Brunswick next year. Nova Scotia once asked us not to do it, and I think we asked New Brunswick whether they wanted us to do it. But I will take into consideration the representations my hon. friend has made.

Mr. CALDWELL: Whom did you ask in New Brunswick, and what was the reply?

Mr. MURDOCK: I could not say without looking up the files, but in every case we take it up with responsible ministers of the government.

Mr. CALDWELL: Before these excursions are put on?

Mr. MURDOCK: Yes, we ask them whether they want these excursions advertised to run from their respective provinces.

Mr. CALDWELL: Would the minister bring down the correspondence the next time his estimates are up, showing to whom he wrote and what the reply was? If we have any responsible minister or public man in New Brunswick who will advise the running of harvest excursions from our province, the farmers would like to know who he is.

Mr. MURDOCK: I will bring down such correspondence as we may have in the department.

Mr. BROWN: We like the men from Nova Scotia and New Brunswick, and would be very sorry to be deprived of them.

Mr. SUTHERLAND: Does the minister exercise control over the rates on the railways?

Mr. MURDOCK: Not at all.

Mr. SUTHERLAND: I do not know what else we can infer from his last remark, that if certain provinces take exception to these excursions being run, due consideration will be given to their representations. I think the objection is a very pertinent one, and one that ought to be emphasized in this parliament. We have been accustomed for quite a number of years back to having these excursions run every fall, and to see the men after the work is over in the West come trooping back to the older provinces with the result that in the larger cities you have a large number of unemployed who are maintained during the winter by the cities, and the impression goes abroad that there is an army of unemployed here in Canada, and this is being used in the Old Country to deter desirable people from coming here. Only a week ago, while passing through Toronto, I noticed a large gathering in front of the city hall. They were supposed to be unemployed, and they were being addressed by a man whom I noticed was sent to gaol for six months by a Toronto magistrate only a few days ago. The

magistrate claimed that he was a rebel, and that he was encouraging other people to rebel against the conditions they found in this country. This man claimed to be a leader of the harvesters who had been induced to come out here and go to the West, and who, when their work is through, come back to old Ontario and put in the winter in Toronto and other cities. I heard this man myself advising these people what to do.

Progress reported.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

TRADE AND COMMERCE

Bounties on crude petroleum, administration of act, $3,000.

Mr. SPENCER: Could we have an explanation of this item?

Hon. T. A. LOW (Minister of Trade and Commerce): This vote is the same as last year, and is for the purpose of administering the act in relation to the claim for bounties in connection with crude petroleum. There is no change.

Mr. MANION: Would the minister explain what the staff consists of?

Mr. LOW: There are four officials on the staff; Mr. McDermid, Mr. Boyle, Mr. Slipper and Mr. LeBlanc. Mr. McDermid is located at Petrolea and is paid a salary of $1,500, Mr. Boyle at Sarnia, with a salary of $200, Mr. Slipper at Edmonton, salary $200, and Mr. LeBlanc at Sarnia, salary $100.

Item agreed to.

Bounties on copper bars or rods, administration of act, $2,500.

Mr. MANION: Will the minister explain the decrease?

Mr. LOW: This item has been reduced by $2,500. It is thought that this sum will be sufficient to carry on for this year.

Mr. MANION: How much was spent last year?

Mr. LOW: We spent last $540.78.

Mr. MANION: Out of a vote of $5,000?

Mr. LOW: Yes.

Item agreed to.

[Mr. Sutherland.]

British and foreign news service, $32,000.

Mr. SPENCER: Will the minister explain the increase?

Mr. LOW: This item is for $32,000. Last year the amount was voted for only eight months. This includes the full twelve months. The amount last year for eight months was $21,333.34. The amount for this year for twelve months, is $32,000.

Mr. MANION: How much was spent last year?

Mr. LOW: The full amount, $21,333.34 That covered eight months.

Mr. WOODSWORTH: Would the minister explain this a little more fully?

Mr. LOW: The object of this is to present to the outside world what is going on in Canada and to keep alive in Canada interest in Canadian industries through Reuter's Limited.

Mr. WOODSWORTH: What control has the government over this service?

Mr. LOW: The control is that Reuter's agree to transmit at least 10,000 words a month of interest to Canada in connection with all matters that will be of benefit to Canada in the United Kingdom.

Mr. WOODSWORTH: This is simply a kind of advertising service for Canada.

Mr. LOW: It is an advertising service. It is a well known fact that it pays to advertise sometimes.

Item agreed to.

Administration of Canada Grain Act, $1,100,000.

Mr. LOW: In the past the estimate has included both the cost of administering the Grain Act and the management and operation of Canadian government elevators. In the estimate this year these are separated. Last year the appropriation amounted to $1,558,839. Although the two appropriations are distinct, the total amount of both this year is $1,520,000, a decrease on the combined appropriations of $38,839.

Mr. MANION: This is a big item and one of a great deal of interest particularly to hon. members from the West and also to others interested in the grain trade. Will the minister give the committee some details as to how the money is spent?

Mr. LOW: The expenditure is as follows:

Board of Grain Commissioners	$ 34,154
Western Inspection division	875,205
Eastern Inspection division	21,912
Grain Research Laboratory	9,610
Miscellaneous	16,256
Total	$957,138

Mr. MANION: How much of this is spent by the Grain Commission as their own salaries and the salaries of their employees?

Mr. LOW: The total amount is spent by the Grain board: The commission staff consists of:

Chief Commissioner	$6,500
Commissioner Snow	6,000
Commissioner Robinson	6,000
Secretary	3,600
Total	$22,100

Mr. MANION: I know there is an elevator at the head of the lakes and one at Saskatoon. I think there is one at Vancouver. Will the minister explain the costs and returns from those elevators?

Mr. LOW: There are five government elevators. The total revenues are as follows:

Port Arthur	$374,861
Moose Jaw	20,841
Saskatoon	27,392
Calgary	76,674
Vancouver	96,106
Total	$595,876

The total expenditures are as follows:

Port Arthur	$137,261
Moose Jaw	57,709
Saskatoon	78,624
Calgary	62,095
Vancouver	90,566
Screenings account	2,759
Total	$429,016

Mr. MANION: Would the minister explain the heavy loss on the Saskatoon elevator?

Mr. LOW: The only reason I can give is lack of business. The same thing applies to Moose Jaw.

Mr. HOCKEN: Does the staff remain the same whether there is 100 per cent business or 50 per cent business?

Mr. LOW: It takes a much larger staff to operate at Port Arthur or Fort William than at Moose Jaw or Saskatoon, but we have to retain a certain staff at the latter two points.

Mr. HOCKEN: At Vancouver where the revenue was $96,106 the cost was $90,566. At Saskatoon, where the revenue was $27,392, the cost was $78,624.

Mr. LOW: It takes a certain organization to carry on the work at the elevator at Moose Jaw. We have a plant there that cost over $2,000,000. We have to maintain a certain staff whether the business comes in or not unless we decide to close the place up.

Mr. HOCKEN: Are there any capital charges in this amount?

Mr. LOW: No.

Mr. CRERAR: It includes the maintenance charges?

Mr. LOW: Yes.

Mr. HOCKEN: It is an enormous sum of money to spend for a revenue of $27,000.

Mr. LOW: I am not responsible for the elevator having been built there.

Mr. MILLAR: Has the inspection staff been very materially increased in the last few years? I have heard the complaint that while business has greatly increased there has been but a slight addition to the staff so that to-day they are not able to do the work efficiently.

Mr. LOW: There has been a considerable increase due to the increase in business.

Mr. MILLAR: How much of an increase?

Mr. LOW: I cannot give the figures to-night but I shall be glad to get them.

Mr. MILLAR: Comparing the revenue with the outlay in connection with the Board of Grain Commissioners and the elevators, is there a surplus or a deficit, and how much is it?

Mr. LOW: The operations of the elevators during the past thirteen years and ten months have produced a surplus of $94,000.

Mr. MANION: There has been some talk for some time of a change in the location of the Board of Grain Commissioners, which, ever since the institution of the Canada Grain Act, has been situated at the head of the lakes. Is there any intention this year of changing the situation of the board?

Mr. LOW: We have not so far thought of any change.

Mr. MANION: I take it that the matter is not under investigation with a change in view.

Mr. LOW: No.

Mr. CLARK: Are all the elevators in the city of Vancouver administered by the Department of Trade and Commerce?

Mr. LOW: No, they are under the Department of Marine and Fisheries.

Mr. CLARK: I cannot understand how it is that the minister gives us the report on the Vancouver elevators.

Mr. LOW: The Department of Trade and Commerce has charge of the work of inspection and weighing.

Mr. CLARK: I understood the Department of Trade and Commerce had handed over the elevators to the Harbour Commission.

Mr. LOW: The business of inspection and weighing is still carried on under the Board of Grain Commissioners.

Mr. CRERAR: Is it the intention of the department to maintain the inspection and weighing at Vancouver under the control of the Board of Grain Commissioners?

Mr. LOW: That is what we are doing now. As to what we shall do in the future, I should not like to venture a prediction.

Mr. CRERAR: I desire if possible to have some assurance from the minister that this will be done. The matter is one of considerable importance and such an assurance from the minister is I think necessary. Most hon. gentlemen who are familiar with the grain situation in the West know that the Board of Harbour Commissioners in Vancouver desire to secure the control of the weighing and inspection at that point. That in my opinion would be a very great mistake. The control of the inspection, of the inspection of officials, and of the weighing should certainly remain under the Board of Grain Commissioners at Vancouver just as in the case of the terminal elevators at the head of the lakes, and at Moose Jaw, Saskatoon, Calgary, and, I presume, Edmonton when the new elevator there is completed. I repeat, I should be glad if the minister would give us an assurance that this will be done. I can tell him that it is the universal wish not only of the growers of grain but as well of the handlers of this commodity that the inspection and weighing should be under the control of the Board of Grain Commissioners.

Mr. LOW: When the matter is under consideration I shall be glad to bear in mind the representations of my hon. friend.

Mr. CRERAR: I do not wish to embarrass the minister at all but the matter is of very great importance and I am anxious to have some assurance from him that if any change is contemplated, and before a change is made, whereby the supervision of the inspection and weighing passes from the Board of Grain Commissioners, the growers of grain who are vitally interested in this matter, as well as the handlers and dealers, will be given an opportunity to make representations to the minister.

[Mr. Low.]

Mr. LOW: I shall be glad at any time to receive such representations and as a matter of fact I have received some.

Mr. CRERAR: The minister is evading my question entirely and I do not propose to let him off that way. I want to know whether the minister will give the committee an assurance that before a change is made an opportunity will be given to those who are interested to make representations either to himself or to the government.

Mr. LOW: Yes, I shall be glad to do that.

Mr. MILLAR: I support the request of my hon. friend (Mr. Crerar) 100 per cent. It is very important that the control of the inspection and weighing should be retained under the Board of Grain Commissioners. Now that the minister has given us the information that there is a surplus of $94,000 each year—

Mr. LOW: Not each year; I said that was the surplus for thirteen years and ten months of operations.

Mr. MILLAR: Does that include the inspection department, the fees from that department, the sale of samples, and all that sort of thing? If it does, it seems rather small.

Mr. LOW: Yes, it includes the total revenue. My hon. friend must remember that in the early years of the operations of the Canada Grain Board there was a considerable loss.

Mr. BROWN: In view of that statement, what is the present situation? What would be the surplus over expenditure for the past year including all branches of administration?

Mr. LOW: For the past ten months it was $242,000.

Mr. BROWN: That means that the grain trade, in other words the farmers, are asked to contribute that much to the consolidated revenue.

Mr. LOW: We had that surplus last year; we do not know what the surplus will be this year.

Mr. CRERAR: I appreciate very much the cautious attitude of the minister in approaching this question, but I think, in view of the surplus the department has had not only within very recent years but in previous years as well, the department might very well consider a reduction in the weighing and inspection fees.

Mr. MANION: I would ask the minister to let this item stand for a while. My hon.

friend from Vancouver Centre (Mr. Stevens) informed me that he had some questions to ask regarding it and he is not here at present. He has been out of town and will be back this evening; in fact I expect him in a few minutes.

Mr. LOW: I shall be glad to let it stand.

Mr. CAMPBELL: How does the situation stand at the head of the lakes in the matter of shipping, and what is being done there to cope with it?

Mr. LOW: I am not aware of any congestion at the head of the lakes at the present moment; everything is working out all right.

Mr. CAMPBELL: I am aware that there is no congestion at the present time but it seems to me that this is the very occasion to take some means to prevent such a condition in the future. The situation that exists there to-day is one for which perhaps the government can take no particular credit; it is due to the fact that there is a surplus of American shipping. The rates have come down since October to about less than half what they were then, by reason of that fact. I think therefore that something ought to be done now to prevent a recurrence of the condition we had last fall and the fall before.

The remarkable feature is that Canadian vessels are taking grain from the head of the lakes to Buffalo for two cents rather than carry it half the distance to Georgian bay ports for two and a half cents a bushel. This discrimination is not new; it has always existed. Our vessel owners are doing it simply and solely because our coastal laws prevent American vessels carrying grain to Georgian bay ports. The purpose of these laws, as I understand, was to secure Canadian trade for Canadian ships. But they are abusing the privilege, and as a result a lot of our grain is being diverted to American ports and reaching seaboard by American railways instead of our railways getting the benefit of the haul. It seems to me that if these coastal laws were suspended our Canadian ships would not only stay in their own waters but we would get probably the same number of American ships in the trade as we are getting to-day. Something should be done to prevent a recurrence of this discrimination.

Mr. BROWN: What is the intention of the minister with regard to the work being done by Dr. Birchard in Winnipeg? We were very sorry to know that it had been suspended, temporarily at least.

Mr. LOW: We are waiting for the report of the Royal Grain Commission. After considering that report certain changes may be made.

Mr. CAMPBELL: What does the minister say with regard to the shipping situation?

Mr. LOW: Nothing untoward happened last fall, and I do not think there is any danger of anything happening during the early part of this season. Before the session is over we hope to introduce certain amendments to the act passed last session.

Mr. CAMPBELL: Would the minister tell us something of the nature of the changes that are proposed?

Mr. LOW: As the bill is not yet drafted I should not like to venture any forecast.

Mr. CAMPBELL: Will the amendments deal with the coastal laws?

Mr. LOW: I should not like to venture any forecast of what the bill will deal with.

Mr. MEIGHEN: Was that Halifax by-election elevator under the Trade and Commerce department?

Mr. LOW: There is an item in the estimates for the Halifax elevator.

Mr. MEIGHEN: Is that under the Trade and Commerce department?

Mr. LOW: Yes, and later on I am sure there will be ample opportunity to discuss it.

Mr. HOEY: Does this item contain anything for carrying on the work which Dr Birchard has been engaged in until recently?

Mr. LOW: The item is contained in the vote for the Canada Grain Act, with the exception of Dr. Birchard's salary, which is included in the civil government estimates.

Mr. MILLAR: I think the work done by Dr. Birchard is more important than is generally understood. In past years our grain growers have been losing heavily because certain interests have been picking out the grain that is strongest in gluten and the cars containing this grain are diverted to the mixing elevators. The American interests need our strong wheat to mix with their soft wheat, and they too have been selecting our stronger grades. We have had to bear a heavy loss because we have no effective means of finding out the strength of our wheat. Then again, certain kinds of wheat when discolored by a little moisture are thrown into number three, whereas it has been found by milling tests that they are really as good as number one. This wheat is really number one slightly discolored. Therefore the grower and shipper have been losing seven cents a bushel, simply

because milling value of the wheat was not known. I would urge on the minister that this department not only be maintained but that it be developed and put in closer touch with the chief inspector. I think if more money were spent on this department in order to make it more efficient and constitute it an adjunct of the inspection department, so the inspectors would have the full benefit of expert knowledge of this kind, our farmers would get more than sufficient to warrant the increased expenditure.

Mr. BROWN: I hope too that publicity will be given to Dr. Birchard's work. It has been very difficult in the past to get any kind of report of the results of his work, except surreptitiously.

Mr. LOW: I quite agree with the hon. member that the work is very important. If we find that we can carry on the laboratory work as it has been conducted in the past we will do so; if not we will probably introduce a more efficient method. In regard to publicity, I may say that we have received no report from Dr. Birchard since 1921. I assure hon. members that I have no desire to eliminate any work that will be of benefit to our agricultural interests.

Mr. KNOX: Was it the fault of Dr. Birchard that no further report was made?

Mr. LOW: He sent in a partial report in 1921. Up to the present time he has never completed that report.

Mr. KNOX: I have a hazy recollection of a certain report of Dr. Birchard's being suppressed some years ago.

Mr. LOW: I do not know of any report being suppressed since this government came into office.

Mr. GARLAND (Bow River): Are these reports available to the public? If so, where may they be secured?

Mr. LOW: All reports are tabled.

Mr. MILLAR: May I revert to a matter that we were discussing a few minutes ago? To a question asked by the hon. member for Saskatoon (Mr. Evans): What was the value of such overages to the government?—referring to the overages in elevators—the answer was: The value of such overages due to the government for the period 1920 to 1923, inclusive, amounts to $477,152.03. Is that included in the calculation given by the minister?

Mr. LOW: That is included in the surplus.

[Mr. Millar.]

Mr. CARROLL: Do my hon. friends wish to have another report in order to boost a civil servant and incur a further expenditure of three or four thousand dollars?

Mr. KNOX: I say we should have a report from the laboratory to show the work that has been done. Our grain growers feel that such information would be to their distinct advantage if contained in annual reports, so as to overcome the difficulty of having the best types of grain taken away while the man who has grown that grain does not get the full advantage of it. If we had the reports to show the quality of the grain it would make a material difference.

Item stands.

Canadian Engineering Standards Association, grant to, $10,000

Mr. MANION: Will the minister explain this vote?

Mr. LOW: It is a grant to the Canadian Engineering Standards Association for the promotion of uniformity of standards in metallic and other products.

Item agreed to.

Canadian Government Motion Picture Bureau, $25,000.

Mr. MANION: Will the minister explain?

Mr. LOW: The amount is $10,000 less than last year. The vote includes salaries of temporary employees, travelling expenses, expenditure for films, chemicals, photographic supplies, printing and stationery, repairs to instruments and sundry expenses.

Mr. MANION: What is the purpose of the whole vote? Is it advertising?

Mr. LOW: The Motion Picture Bureau under the Department of Trade and Commerce was established for the purpose of advertising abroad Canada's scenic attractions, agricultural resources and industrial development.

Mr. CRERAR: When was that started?

Mr. LOW: In 1918.

Mr. MANION: How is it that we are able to reduce the vote by $10,000 this year?

Mr. LOW: A general curtailment.

Mr. SPENCER: How much was spent last year?

Mr. LOW: Spent last year—$23,303.17. I may say that there is a revenue in connection with the Motion Picture Bureau. For the year ending 31st March, 1923, the revenue was $16,141. For the period ending 31st January, 1924, it amounted to $10,490.

Mr. MANION: Where does the revenue come from? And will the minister give us some more details in regard to the reductions? The expression "a general curtailment" is not very definite.

Mr. LOW: We have reduced the number of the temporary staff and also the travelling expenses.

Mr. MANION: What does the revenue come from?

Mr. LOW: Moving picture films.

Mr. CLARK: To whom are these disposed of?

Mr. LOW: To a number of firms—Canadian Universal Film Company; First National Exhibitors of Australia; Premier National Pictures, Australia; African Films; Centre Theatre; Monument National Theatre, Family Theatre. Films are made for other departments of the government also.

Item agreed to.

Mr. LOW: With regard to item 372, the hon. member said that the member for Centre Vancouver wished to discuss the Vancouver elevator. He will have ample opportunity under item 379 to do that—operation and management of Canadian government elevators.

Mr. MANION: I thought the member for Vancouver Centre was coming in on to-night's train, but I am informed that he spoke to-day in Toronto at noon so that it is likely that he will not be here. The minister has a number of important items to deal with before he deals with that, and I suggest that he hold it over or at least that he keep it until the last item to-night.

Mr. LOW: I shall be very glad to meet the wishes of hon. gentlemen in that respect.

Mr. LOW: Item 380.

Mr. MEIGHEN: Why is the minister adopting the kangaroo method of skipping items?

Mr. LOW: To meet the wishes of my hon. friends.

Mr. MEIGHEN: We only asked that the one item be held.

Mr. LOW: All right we will take up 379.

Elevators, operation and management of the Canadian government, $420,000.

Mr. MANION: Are these the elevators in connection with which the minister gave some figures some time ago under the Canada Grain Act item?

Mr. LOW: Yes.

Mr. MEIGHEN: This is not one of the items I referred to as being skipped. The ones I had in mind were such as these: Commercial Intelligence Service; Dominion Bureau of Statistics; Electricity and Gas Inspection. Items relating to elevators might be held.

Mr. LOW: I did not think my right hon. friend was going to ask that all the large items be held over.

Mr. MEIGHEN: I am asking that we take up some that are skipped.

Mr. LOW: We are skipping them to meet the wishes of hon. members on the other side.

Mr. MEIGHEN: We are asking that these elevator items stand.

Mr. LOW: Then we will take up No. 375.

Item stands.

Commercial Intelligence Service, $324,720.

Mr. MEIGHEN: Is this increase in pursuance of a policy of general enlargement?

Mr. LOW: Yes, this is one branch of the department in connection with which I think it is wise to spend money—the extension of our export trade. There is an increase of $4,720. A number of new offices have been opened up. I do not think it would be wise to curtail the Intelligence branch of the department.

Mr. LADNER: Does this vote include the publication that is issued regularly?

Mr. LOW: It includes all publications of the Commercial Intelligence Service.

Mr. LEADER: I notice in the third volume of the Auditor General's report, on page ZZ-30, under the heading "Trade Commissioners and Commercial Agents" an item designated Entertainments. I would like to have some information on that.

Mr. LOW: Does that come under the item we are discussing?

Mr. LEADER: Yes.

Mr. LOW: What is the amount?

Mr. LEADER: There are several items.

Mr. LOW: There is an allowance made each year for the trade commissioners. I do not know just what my hon. friend has in mind, but unless it is something special it would be included, I presume, in the usual allowance.

Mr. LEADER: Perhaps I might explain further. In going through the Auditor General's report I see a number of items—I have found twelve to-night, and there may be others—for entertainment. They are not very large in themselves, but in the aggregate they amount to considerable, and these expenditures I would classify as unwarranted. They have not even the virtue of patronizing the home market. Here, for instance, is an entertainment in Paris costing $76.09; one in Japan, $113.65; one in India, $134.74; one in Italy, $46.68; one in Old England, $34.14; one in Barbados, $59.30; one in New York, $222.75 —the larger the city the greater the expenditure, of course; another one in Rio de Janeiro $184.05; coming back to England again, another one costing $58.53; one in Jamaica, $66.30; one in Singapore, $46.80. I have not had time to total them up, but they amount approximately to $1,200.

Mr. LOW: I suppose my hon. friend will agree that at times the trade commissioners will be called upon to entertain trade delegations. That is not an unusal thing in business. Quite frequently in my own firm we have accounts come into our business offices for entertainment, and we do not look upon that expenditure as a waste of money.

Mr. MANION: Before dinner there was a question raised as to an entertainment on the other side of the river in connection with the interprovincial delegates to a labour conference here at Ottawa. I am wondering if the same principle is upheld by the Minister of Trade and Commerce. Does the government live up to the Ontario Temperance Act in these entertainments?

Mr. LOW: Was my hon. friend a guest of the Minister of Labour?

Mr. MANION: I was not. I read about it.

Mr. HOCKEN: Is there any limit put upon the amount that is to be spent by a trade agent for entertainment, or has he carte blanche?

Mr. LOW: He is not allowed to spend an unlimited amount. The accounts have to be approved by the minister.

Mr. HOCKEN: What is the limit of the minister?

Mr. LOW: It is a matter of judgment for the minister.

Mr. LEADER: These commercial agents do a good deal of travelling, I presume, for I see items here amounting to a considerable amount of money. Sometimes they travel alone and the amount is not so large, in the neighbourhood of $1,400; another trade agent takes his wife along and it runs the bill up considerably, to over $2,000. I do not blame him for taking his wife along, but in some cases he takes his family also; I think we might draw the line there. In that case the travelling expenses amount to almost $3,000.

Mr. LOW: It would be utterly impossible to secure the services of good men unless we agreed to pay the travelling expenses of their families en route to their posts. It would hardly be reasonable to expect a trade commissioner to leave his wife and family in this country while he went abroad for two or three years.

Mr. LEADER: I do not find so much fault with that, but I am really pleading for economy to-night. I do not think the Dominion of Canada can stand these unwarranted expenditures at this time, and therefore I would like to see a stop put to this practice. I believe the ministers themselves desire that, but someone has to take the initiative, and I believe parliament should do it.

Mr. HUGHES: On what principle are the trade commissioners appointed? What qualifications are considered necessary, and does the minister think he is getting value for the money expended in this way?

Mr. LOW: The trade commissioners are appointed by the Civil Service Commission. I cannot say that I agree with the system of appointing them, but that is the way they are appointed. The qualifications are that they shall be graduates of some recognized university. and under the age of thirty-two, so if any member of parliament is thinking of applying for a trade commissionership, he is limited in that respect. I do not agree that that is the best way of securing trade commissioners to send abroad. I think the first essential should be that a man should have a good education, and secondly, some business experience. A young man, fresh from a university, who is sent to Africa or Japan or China. can hardly be expected to give the best results. I will give you an example of what happened a few years ago. A gentleman came out from Scotland, a graduate of a Scottish university, and a lawyer by profession. He located in Winnipeg, and after spending a couple of years there noticed an advertisement for a trade commissioner. He put in an applcation, and needless to say, with his education, he came out at the top of the list. and he is now one of our trade commissioners abroad. Now I think that a man should have lived in this country a longer period than two and a half or three years before being appointed a trade commissioner, because in that period he can-

not have acquired a sufficient knowledge of the business and commercial affairs of this country to represent it abroad. That is my opinion at least. I think one of the essentials should be that he should have some knowledge of Canadian business. Nor do I think that the age of 33 should bar an applicant. There are many good men of experience from 40 to 45 years of age, who would make first-class trade commissioners. Probably much better ones than a university graduate, 23 or 24 years of age, without any business experience whatever.

Mr. HUGHES: The statements made by the minister are quite startling. Whoever were the authors of that system evidently did not know anything about their business, and the sooner the system is amended or ended the better. To select a young man of thirty-two perhaps with no business experience at all, as is the fact in the case indicated by the minister, for a position of this kind, would seem to be a total waste of money and a total disregard of the qualifications necessary for such a position. In connection with trade matters men of experience should be selected, and not professional men. A few years ago I happened to meet a young man, a graduate from one of the universities—no harm in being a graduate but rather a recommendation—and this young man was going as a commissioner to Newfoundland as a representative of the Maritime provinces. He belonged to the province of Ontario and had passed his examination no doubt. I had the opportunity of speaking to him for about half an hour, and I found that he did not know anything at all.

An hon. MEMBER: Did he know a codfish?

Mr. HUGHES: He would not know a codfish from a herring. He might, perhaps, if he were sent into a business office, know something about the business at the expiration of eight or ten years, but to send a stripling from the university to represent the business men of the country and the Department of Trade and Commerce, to meet business men, when he himself knew nothing of business, would be simply a farce. He was going to St. John's, Newfoundland. No business man would waste an hour talking to him.

Mr. CARROLL: Who sent him?

Mr. HUGHES: The Civil Service Commission, the minister says.

Mr. CARROLL: Who laid down the regulations by which such officials are appointed?

Mr. HUGHES: I think two gentlemen who prepared that Civil Service Act in 1918, and they were in my opinion the most overrated and impracticable men in the Dominion of Canada.

Mr. MEIGHEN: Who were they? Was one of them the present Chief Justice of the Exchequer Court?

Mr. HUGHES: I do not care who he was or what position he holds.

Mr. MEIGHEN: The hon. member might at least pay him that compliment and have it go direct to him, so that there will be no mistake.

Mr. HUGHES: I am talking business now, and my hon. friend wants to be a little smart.

Mr. MEIGHEN: I could not recognize the reference myself. Will the hon. member be good enough to state to whom he refers?

Mr. HUGHES: I am not asking the right hon. member to recognize anything.

Mr. MEIGHEN: The hon. member tried to talk a little politics in his last few sentences, and he is making about as good a fist of it as he did of the business end.

Mr. HUGHES: Oh, indeed. I do not expect to suit my hon. friend. I am inclined to think he does not know very much about it either. I am making my statement to the business men of this committee, and I think they will recognize that my suggestion has merit. This system has to be changed if we are to get results.

The markets for the province from which I come and the Maritime provinces generally are in the West India islands, in the island of Cuba, and the United States of America. The hon. member for Cumberland (Mr. Logan), speaking some weeks ago in this chamber, stated that when he was in the West Indian islands recuperating from his illness he made it his business to try and find the trade commissioner there. The description he gave of the office of the commissioner and the way in which it was conducted was simply discreditable to Canada. There is nothing—and I make this statement in the presence of hon. members from the Maritime provinces—that the Minister of Trade and Commerce could do that would be of such advantage to the Maritime provinces as to send experienced business men from those provinces to the West Indies, to Cuba and the southern States, where we sell potatoes, to interview the business men there and to establish markets. We do some business with that part of the world at the present time, and, the business could be greatly enlarged. They

want our butter, eggs, cheese, hay, potatoes, and grain, and we want their products, but that market is neglected. It is of no use whatever sending inexperienced youths down there to try to open these markets and to develop trade and commerce. If the Civil Service Commission will not allow the minister to send qualified men of experience, something will have to be done with that commission. The business of the country cannot be tied up in that way, and it is up to the Parliament of Canada to see that these conditions are changed. If there were business men, or even one good business man, on the Civil Service Commission, I do not believe they would try to hold up the Minister of Trade and Commerce in this way. I have brought this matter before the committee, and I think it should receive attention. I have no hesitation in saying that the money we are paying out for this service at the present time is largely wasted and the country is not getting the benefit.

Mr. CLARK: I have always understood that the minister had power to dismiss a civil servant, and certainly he has the power to refuse to accept an appointment made by the Civil Service Commission. These two things should rather safeguard the situation. Another phase of the matter which appeals to me is that the present system has one merit, and that is that it makes it impossible to appoint men as a reward for political services. I think we should seriously bear that in mind. But I would like the minister to state just what he has in mind. He condemned the system. Surely he has a remedy, and perhaps he would outline it to us.

Mr. LOW: When parliament decides to amend the Civil Service Act I am sure I will be very glad to give parliament the benefit of my suggestions, but I think it is a waste of time discussing it to-night.

Mr. CLARK: I think it is far from a waste of time. Perhaps, if the hon. minister would give the House the ideas he has in mind, pressure might be brought to bear on the government in the matter. If I am not mistaken the Prime Minister always declares that he must hear the voice of parliament before he introduces legislation; therefore, I think it is a most opportune time for the minister to tell us what the remedy is, and then perhaps parliament can voice its opinion.

Mr. LOW: I have no hesitation in telling my hon. friend that I think the minister should have at least some voice in the selection of trade commissioners who are to be sent abroad.

Mr. HOCKEN: Do I understand the minister is compelled to accept a man who has no business experience for a business position?

Mr. LOW: We have to give him a trial. Of course, the minister can refuse to accept a man who is appointed. For instance I laid off four junior trade commissioners the other day because I was of the opinion that, while they were probably good men in some other lines they would not make good trade commissioners abroad. It is in the power of the minister to refuse to accept an appointee, but what is going to be accomplished by that? If we continually refuse the men whom the Civil Service Commission send to us, where is it going to end? I do not see that that would be a remedy at all.

Mr. HOCKEN: It is a great mistake to have a regulation that fixes the age limit at thirty-two in connection with a position of that kind. I agree with the hon. member for Kings, P.E.I. (Mr. Hughes) that a more mature man ought to be taken for such a position. Surely it is within the power of the government to amend a regulation of that nature. I should judge that the hon. member for Kings, P.E.I., would make an admirable trade commissioner in Jamaica or the Maritime provinces. He is beyond the age of thirty-two, I am afraid; but certainly to take a young man of thirty-two who has just come out of a university and who has no business experience and make him a trade commissioner, is about as asinine a procedure as I can imagine.

Mr. HOEY: Is it not true that these men are trained for a year at least, sometimes more, before they are sent abroad? What is the nature of that training?

Mr. MEIGHEN: Is it a statutory law that university training must be had?

Mr. LOW: It is a Civil Service Commission regulation.

Mr. CLARK: Does the minister think he should have entire control in his appointments? Is he the man who should be the judge of who is to be employed?

Mr. LOW: I would not ask to have the complete decision as to who should be accepted; but I think the minister, who is responsible to parliament and the people of the country, should have at least something to say in the selection of those trade agents who are sent abroad.

Mr. CLARK: The minister has power to refuse; he has power to lay off; he has power to reduce a first class trade commissioner to

a fourth class trade commissioner, and so on. Just what additional power should he have?

Mr. LOW: I think the minister should have the right to meet these applicants and should have some discretion as to the age limit. Of course, that is a regulation that is fixed by the Civil Service Commission. I agree, however, with the hon. member for West Toronto (Mr. Hocken) that a man of thirty-five or forty years of age should not be barred from applying for a position as trade commissioner. On the other hand, I do not think a man who is under thirty-five should be barred. Many young men at twenty-five or twenty-eight have experience that is very valuable. There are, however, many men at forty years of age who would make first class trade commissioners abroad. I think the minister should be the judge largely; and if I had the decision I would say that the minister, being responsible to parliament and the country for the work of these trade commissioners, should have the selection of them. I have had some business experience, and I do not think I would care to allow the Civil Service Commission to select the man to represent me in the city of London, England. I usually select a man for his business experience. He certainly requires to have a good ground-work,—good education.

Mr. MEIGHEN: I had nothing at all immediately to do with framing the Civil Service Act or drawing up the regulations but I do not think the minister is doing quite justice to the matter in his presentation of it to the committee. This appears to be a regulation of the commission; but if it was a regulation of the commission, it was submitted with the others to the government, considered by the special committee which had to do with it, submitted to parliament in the usual way and accepted by parliament as all these regulations must be. The matter was chiefly under the immediate supervision of a member of the government, now Chief Justice of the Exchequer Court of Canada, and I venture to say that if the minister will look into the history of the subject, especially if he will look into the discussion which took place on this phase and possibly into the evidence given,—for I would judge it likely that some was given before the Civil Service committee of this House of last session, certainly of previous sessions, and I would think, probably of last session—he will find much more of intelligent discussion of the question than any that he has initiated this evening. I venture also to say that he will find that other countries, perhaps not all, follow pretty much the same regulation. I have an indistinct,—by no means a distinct—recollection of discussions of this subject in this House, and unless my memory is wrong—I do not claim it is right, because it is very indistinct—the British Civil Service follow the same rule. This is a regulation that was seriously recommended by a commission and accepted by parliament; if it was accepted by parliament it was certainly accepted with acclaim by all hon. gentlemen opposite who were in the House at the time; with all those regulations they were heartily in accord, and I would not like it to go out that this was done merely in a spirit of narrow prejudice against governments or parliaments and without that full consideration that such questions usually receive. There is far more to this question than the minister has revealed. I am pretty sure that the hon. member for Springfield (Mr. Hoey) is right, that a period of training is required, similar to what other countries require. To say that because the minister is responsible, therefore he must appoint, is merely to accept the whole patronage system and all that appertains to it. It may be there are some exceptions. I do not know just what they are in the Department of Trade and Commerce, and certainly I do not see why any special exception should be made of a junior trade commissioner or of any of these ordinary trade commissioners from the regular provisions of the act. The minister says that there must be some control. He has some control. He can look into the qualifications; he can examine any man who is sent to him; he can look into his history and record; he can put an absolute veto on any man, and this is very frequently done, not only before trial, but after trial. Surely that is some control. If some control means more than that, that means the minister appoints him, and the minister knows, if he was in any parliament under any government, and particularly under the one he is supporting, that appointees who are the consequence of that system are by no means a very creditable array.

Mr. LOW: I am not criticising to-night those who made the regulations. The regulations were there when I took over the department; but I would like to submit this question to the leader of the opposition (Mr. Meighen). Does he think it would be wise to appoint a young man who had just graduated from Osgoode Hall to the Supreme Court of Canada? The same thing applies in this case, to my mind, and I look at it only from a practical business standpoint. I think a

young man who has just graduated from Osgoode Hall might just as well be appointed to the Supreme Court of Canada as that a man who has just graduated from a university should be appointed as a trade commissioner abroad.

Mr. MANION: According to my best knowledge, young men as a rule graduate from the universities very much under thirty-two; most of them graduate around twenty and twenty-two. So that they have from eight to ten or twelve years in which to study the duties of the office before they become junior trade commissioners. Can the minister give us a list of the trade commissioners whom we have in the various countries, together with their salaries? I do not think it would be a very long list and it would be interesting to the committee.

Mr. HOEY: What is the length and what is the nature of the training that is required, before these men are sent abroad?

Mr. LOW: Usually they remain in the department about one year. But I do not think that my hon. friend would say that the training which a young man would receive in a department in the course of a year would constitute practical business experience. Regarding the request of my hon. friend (Mr. Manion), I shall be glad to put a list of the names on record in Hansard.

Mr. MANION: How many names are there on the list?

Mr. LOW: About thirty.

Mr. MEIGHEN: Was this subject reviewed, or reported upon, by the committee of last session which was presided over by the hon. member for Bruce (Mr. Malcolm)?

Mr. LOW: I do not know whether it was specially commented upon.

Mr. MEIGHEN: If the government was of the minister's view would it not have been a wise course to have reviewed the matter then?

Mr. LOW: I may remind my right hon. friend that it was only last August that I took over the department.

Mr. MEIGHEN: Apparently the minister's predecessors were not of the same views or prejudices as himself.

Mr. CALDWELL: The minister says he has little responsibility in the matter of appointments. I take it however that he is responsible for the decision as to where these men shall be sent.

[Mr. Low.]

Mr. LOW: The matter is one of promotion.

Mr. CALDWELL: That is not my question. Does the minister not decide to what countries the commissioners shall be sent?

Mr. LOW: Yes.

Mr. CALDWELL: I have discussed this matter with the minister before, particularly with reference to the reopening of the trade commissioner's office in Cuba. At one time we had in that country as trade commissioner one of the best business men in eastern Canada, but he was dismissed and his position was taken by a Cuban. The minister speaks of one man who had lived in Canada only one year. Well, this Cuban never had been in Canada at all and could speak very little English; yet he replaced as trade commissioner in Cuba one of our best Maritime business men. He knew nothing whatever of our country, but was appointed to take the place of a Canadian, as one of this Dominion's trade commissioners, in a place with which we do a large export trade, a trade that has been on the increase. But that is not all, for even this Cuban himself has been dismissed and I believe the office has been closed.

Mr. LOW: The office has been closed, yes.

Mr. CALDWELL: I understand that the trade commissioner in Jamaica has supervision over the Cuban situation.

Mr. LOW: That is right.

Mr. CALDWELL: Before this item passes I shall ask the minister to give us the amount of Canada's exports to Jamaica and the amount of exports to Cuba, particularly to Havana where this trade commissioner was stationed. Cuba is our only market to-day for potatoes, and potatoes to us people in the Maritime provinces are what wheat is to the people in the West. Less than two years ago an embargo was imposed in Cuba on the import of potatoes from certain countries in which there prevailed a very destructive potato disease, and because we had no trade representative in Cuba with a knowledge of the Canadian situation, that injurious regulation was made to apply to this country as well. It was modified later on, so that to-day we can get our potatoes into Cuba upon complying with certain conditions. We have to have a plant pathologist in Canada certify that the potatoes are free from this disease, although as a matter of fact this particular disease has never existed in this country. I have urged upon the minister repeatedly the

reappointment of a trade commissioner in Cuba, especially in view of the extent of our exports to that country, running into a good many millions a year from the province of New Brunswick alone. As I say, Cuba is our only export market for potatoes and our exporters are hampered by this restrictive regulation which the Cuban authorities have imposed; they must get a plant pathologist to certify that the potatoes are free from the disease and then they must obtain a certificate from the consul. It will readily be seen to what enormous trouble and inconvenience our shippers are subjected,—trouble and inconvenience which would be wholly unnecessary if we had in Cuba a trade commissioner such as the gentleman who held that position prior to the Cuban to whom I have referred. I am sorry I have not with me a letter which I have on my files at home, written by a former Minister of Trade and Commerce to this gentleman, Mr. Manzer, when he was trade commissioner in Cuba. Mr. Manzer was particularly interested in the potato export trade, having been a potato shipper himself before he took up the position of trade commissioner in Cuba, and he was able on a great many occasions to adjust differences between shippers in Canada and consignees in Cuba. A letter was addressed to him from a former Minister of Trade and Commerce—not the immediate predecessor of the present minister nor the one next preceding him, but a minister who held the office some time ago—in which Mr. Manzer was instructed to discontinue his activities in the interests of the potato export business; he was virtually told that he was to pay no attention to the interests of the potato exporters. Instead, the then minister urged him to devote his time and attention to securing a market for cheesecloth and another commodity on a par with it in importance; he was not to give any assistance to the exporters of potatoes. Now I submit that the trade commissioner in Jamaica most certainly is not able to exercise any sort of supervision over the business of exporting potatoes from Canada to Cuba, and I would strongly urge the minister to consider either removing the present commissioner in Jamaica and establishing him in Cuba, or appointing a new man in the latter place. I thoroughly agree with the remarks of the hon. member for Kings, P.E.I. (Mr. Hughes); I think we should have a man who has not only had experience in Canada but who knows precisely what this country has to export, a man who would be able to present that feature as forcibly and successfully as possible to the people in the country in which he represented us. That is a matter of great importance, and I am anxious to have an answer from the minister; I want to know whether he will favourably consider reopening the office in Cuba.

Mr. LOW: The matter is under consideration; it is a question of money. No definite decision has been reached yet, and it is altogether a question as to what degree we should extend our offices.

Mr. CALDWELL: I am not by any means asking the minister to spend money for the purpose of extending the activities of the department into new fields; I simply want him to reopen an office which has already done good work and which is highly important to the people of the Maritime provinces. I trust he will not delay the matter too long. I have been urging him to do something ever since he has assumed office, just as I did in the time of his predecessor.

Mr. SUTHERLAND: I asked the minister a little while ago whether there was an agent at Havana. I notice by the Auditor General's report that there is.

Mr. CALDWELL: That was two years ago. There is none now.

Mr. LOW: No.

Mr. MICHAUD: Some time ago I received several letters from Mr. Manzer and other persons regarding the business interests of this country in Cuba. Judging by the extent of our exports to that country it seems to me that we ought to have a representative, one of our own business men at Havana. I understand that some three or four years ago Mr. Manzer was dismissed and a man of whom we knew little if anything was appointed to take his place. I understand he is doing the best he can, but he does not really represent Canadian sentiment and does not know anything in relation to our trade and commerce.

Mr. MARTELL: Who is the trade commissioner at Singapore? When was he transferred from Bristol? What does he know of the industries of Canada? And what are his qualifications to represent Canada and tell the people of Singapore what we have to export?

Mr. LOW: A. B. Muddiman. I do not know when he was transferred to Singapore, but I shall be very glad to secure the information for my hon. friend.

Mr. CALDWELL: What was the name of the last agent who was regularly stationed in Cuba? And had he ever resided in Canada?

Mr. LOW: J. C. Manzer. I cannot say whether he ever resided in Canada.

Mr. MEIGHEN: Why was the Cuban office closed? Really at first sight it does seem strange that we have not an agent there.

Mr. LOW: It was decided to handle the business through the office at Jamaica.

Mr. MEIGHEN: Who decided that?

Mr. LOW: The agent in Cuba was let out before I took office.

Mr. LOGAN: Mr. Chairman, this probably is about the most important matter we have discussed this session, not even excepting the budget—because after all the budget did not make many changes. I look upon the present system of appointments to trade commissionerships as an absolute farce, and the sooner that we as business men representing the taxpayers take this matter in hand and back up the minister in his efforts the better it is going to be for Canada, and particularly for the maritime parts of Canada, west as well as east. I have every confidence in the minister as a business man, and I can quite appreciate that he sees the farce himself as he sits in his office trying to do business with the world under present conditions.

Let me give the committee some personal experiences. I am very much interested in Canadian trade with the south, particularly from the Maritime provinces. I do not believe that we can ever build up in the Maritime provinces a great trade with central Canada on account of the excessive freight rates; but we have a market to the south of us reached by the cheapest transportation in the world, where trade is beckoning to us. Last winter I spent some time looking over the situation there. Unfortunately I was not able to go to many of the places which I most desired to visit, but I went far enough to see that the conditions should be remedied. I went to Nassau in the Bahama islands, three hundred in number, doing a tremendous trade with the Old Country and with the United States. I called at the Royal Bank and inquired about our representative. Allow me to say just here, Mr. Chairman, that while we have been laggard in our duty as a parliament in developing Canadian export trade, we owe a great deal to the banks of this country for going to the West India islands and to the South American countries and developing a great business and advertising Canada. This applies particularly to the Royal Bank which I think has ninety branches south of Bermuda. I inquired, as I say, for our trade commissioner in Nassau. I was told: "There used to be one, there is none now." This does not look like progress to me. I asked how we were represented in the Bahama islands, and was informed: By an agent away around in Kingston, Jamaica. They had never seen him, they did not know his name, but they thought he was there. Now, Mr. Chairman, having had experience of travel you can appreciate the difficulties that lie in the way of the people in Nassau dealing with a commissioner in Jamaica, because it takes four long days and nights to get from Nassau to Kingston—it is almost as bad as going across the Atlantic. Next there is the great island of Cuba, of which my friend from Victoria and Carleton (Mr. Caldwell) has spoken. I looked at the trade returns and found that even without a trade agent—although much of this trade was worked up by the former trade agent—our trade in 1923 amounted to nearly sixteen million dollars. What could we do if we had a proper trade agent to look after our business with that country? When the railway estimates are brought forward I propose to make a few remarks with reference to the Government Mercantile Marine, so for the present I will confine my attention to the Trade and Commerce department. I inquired for our trade commissioner. I was informed: We formerly had one, but we have not got one now. We are going backwards, Sir, instead of forward in seeking trade in that southern island. We should have agents in Havana, in North Cuba and in Santiago, in South Cuba, looking after our trade with that wonderful land. The other day I was examining the trade between that country and the United States, and comparing it with our Cuban trade. Ours is simply a bagatelle. I passed by Haiti, where last year even without a trade agent we did a considerable trade. Then I proceeded along the island of San Domingo, from which last year we imported $9,600,000 worth of goods and exported over $6,000,000 worth. That was without a trade agent—no one looking after the business. Everybody tells me in that country our business could be doubled and trebled if we had some one to look after our interests. We have spent $70,000,000 in providing a mercantile marine, and we are losing in actual operation nearly $8,000,000 annually. Yet there is an island where our ships do not even call. I went on to Kingston, Jamaica, and inquired for our trade commissioner. I was told that his office was down in a back street, but I could not find it. I looked up the main street and saw the flag of the United States clearly indicating where their agency was. Finally I went to a friend of mine, the manager of the Royal Bank and said to him: Can you tell me where the trade agency of our country is in Jamaica? He sent one of

his staff to accompany me to the agency. I found it in an old miserable broken-down warehouse in a back street. I climbed up a flight of rickety stairs that I thought would break under my weight, and finally reached a loft, where with scarcely light in day time, and no electric light at night, I found our representative.

Mr. LEADER: Was not the flag flying?

Mr. LOGAN: Flag nothing! In this British colony, the people are even more British than we are, intensely British. They do not like the United States but are compelled to trade with them. They love Canadians and desire to trade with us. This was the office of this great country in that magnificent island with all its great trade possibilities! I noticed in a Jamaica paper recently that one American concern has recently added three new twenty-thousand-ton ships to its fleet to take care of its trade with Jamaica while we are represented there by a man in a loft, dimly lighted by day and in utter darkness at night. Our representative is a gentleman, an Old Country solicitor, and I have no doubt he is a very able man in his own profession. I was told he was a gold medalist of Edinburgh university. He came out to Canada, went to some town in the western country, to practise, and finally secured a position in Winnipeg, I think in the attorney general's office. He saw an advertisement of the Civil Service Commission calling for applications for a trade commissionership, took the examination—why, he could examine the examiners—and passed the examination, I have no doubt, with flying colours. But how in the name of Heaven can the training of the University of Edinburgh be of use to a man down in that country in the selling of Canadian goods to build up Canadian trade? He may know all the classics that are taught; he may be a mathematician of the highest degree, but if he does not know how to increase Canadian trade, if he does not know Canadian conditions, he is not of much use to us down there. I do not like to attack this man, because he is a creature of circumstances; it is not his fault. I am bound to say that he is doing the best he can, but any one who was with him for half a day would know that he does not know Canada.

Mr. SUTHERLAND: Has he not two assistants?

Mr. LOGAN: No.

Mr. SUTHERLAND: The Auditor General's report states that he has two assistants and a messenger.

Mr. LOGAN: He has a young man in the office, a native of Jamaica, if I mistake not. He has not two assistants and a messenger. That may have been the case under a former commissioner but I know it is not the case now, for I was in and out repeatedly. Would any sensible manufacturer who wanted to sell goods in Jamaica—and after all, that is what we are trying to do; we are trying to build up trade; it is not particularly a diplomatic position—send to that country a man who, even if he was a graduate of Edinburgh university, had never had a single day's training in trade in Canada? Why, it is a farce, and the sooner we stop the better. I made up my mind that if I ever got back to this parliament I would raise my voice in protest against this expenditure of public money which is bringing no return and cannot bring returns because the men who represent us have not the necessary qualifications. Mark you, Mr. Chairman, this gentleman up in that loft down in Kingston, Jamaica, not only represents this country in that magnificent island with its million inhabitants but represents it also in Cuba, in the Bahama islands, in San Domingo, in Haiti, and in British Honduras. He represents all the countries in Central America and I do not know how many others. Why, he could not go over his territory properly in two years if he travelled all the time. He is trying to deal with five million people, scattered. one might almost say, over half a continent, and yet we expect to get trade, and we expect the Canadian merchant marine to pay. The whole thing should be condemned; the whole service should be reorganized. I am not blaming anybody; I do not know who organized it in the first place, but I do know that it is not properly organized now.

There is a wonderful trade in that southern country. I have some figures here—I will not detain the committee by giving them—showing the possibilities of that trade. It is the hope of eastern Canada at any rate, but we shall never secure the results we desire unless we put down there bright active men who know what goods are, not merely professional men.

The hon. member (Mr. Caldwell) has referred to Cuba. I believe that in Cuba there is one of the greatest fields for Canadian trade that can be found in the southern countries, but we have no one there. In the boat I fell into conversation with an English traveller—many of them down there—and I said to him "How is business?" He said, "good; we are getting it all back. We lost it during the

war but we have already got back at least 80 per cent of it." They will get it back; do not make any mistake about that. In the course of conversation he said. "What is the matter with you Canadians? Why do you not try to develop trade down there? I visit these islands and I find in each of them an American consul—really a trade agent, really a commercial traveller for the United States; I find in every commercial house American catalogues and price lists up to date, telegrams showing the fluctuations in prices, and so on. But I never see Canadian catalogues nor price lists. There seem to be no Canadian agents down here; where are they?"

Now, I say to the Minister of Trade and Commerce this is a most important matter and instead of increasing this vote by a paltry $4,000 or $5,000 the amount of it should at least be doubled and an up-to-date business man, not a doctor or a lawyer or a preacher—an up-to-date commercial traveller should be sent to Nassau, to Cuba—not only at Havana but also at Santiago; to San Domingo, that wonderful negro republic; to Haiti, to Porto Rico and to Jamaica.

So much for the western islands; let us now go from Bermuda out to the eastward. What do we find? A country in which the Royal Bank of Canada, if I mistake not, has about twenty flourishing agencies carrying on business and reporting most favourably to their head office in this country. These islands include a very large area. Four days after you leave Bermuda you get to St. Kitts; then you pass on to Antigua, Barbados, Trinidad, then away down to Demerara. But in all that country, the different parts of which can only be reached by eight days' travel from Bermuda there was only one Canadian trade agent, located in Barbados, and now that office has been closed and the minister has sent down to Trinidad an official from his department who, I believe, knows no more about the trade of the West India country than I know about a pharmacy. and that is not much. Why, if the thing is a farce down Jamaica way, in this other area to which I have referred, down the Windward and Leeward islands, it is a double comedy. We are trying to create business; we are not only sending our Canadian merchant marine down to those islands maintaining vessels that are going up and down like chips on the water, without cargo, but we are subsidizing the Royal Mail line to the extent of nearly $400,000 annually to go into that country where we have not a single man properly qualified to secure trade for Canada.

[Mr. Logan.]

Now, Mr. Chairman, I am not attacking the present minister. I am very thankful he is in his present position. We have had doctrinaires long enough in the Trade and Commerce department; we have had worn-out politicians there long enough. The department has ceased to be an asylum for men who have served their country and their party, and it is now under the control, so far as he can control it, of a man who, as all the business men of Canada know, is a first class business man, and all I ask parliament to do is to give the minister practically the same power over the great trade of that country that he would have if he were sending out his own travellers, as he does send them out from his manufactories in the city of Renfrew. One only needs to visit these countries to see the farce of the conditions I am portraying here to-night; I am not overdrawing them in the slightest respect. I had no idea before going there of the trade possibilities, but when I saw them and talked to the people there who wanted to trade with us, when I found we were not even taking the trade that was offered to us, when I found we did not have the agents there to secure the trade, I came back determined to make parliament acquainted with the condition of affairs as they exist.

Let me speak of one other small matter, and this I think ought to be remedied by the minister. Even this trade agent in Kingston, Jamaica, has not got sufficient power. I said to him, after having travelled over the island and visited different parts: "You want to get out and go all over this island as soon as you can, and get acquainted with the exporters and importers." "Well," he said, "I have made application to the department to go over to the other side of the island." "Oh, you have made application to the department" "Yes," he said. Now, hon. gentlemen who have been down there know that it takes two weeks to get a letter from Jamaica up here, and two weeks more to get an answer back, but the trade agent in Kingston, if he heard of a big lot of business in, say, Port Antonio, about 75 miles away, could not go there unless somebody in the Trade and Commerce department gave him permission to go. He is presiding over a trade agency in a country that, as I said before, is almost as extensive as an empire, and that is all the power he has got! I can quite appreciate if you let trade agents go hither and thither, and run up a lot of travelling expenses it might become a serious matter, but I think the time has come when we should have trade agents in whom we

could have sufficient confidence to believe they would not incur travelling expenses unless absolutely necessary. But I repeat that agent, if he heard of business he could pick up 75 miles away, could not go and look into it without first receiving permission from some clerk in the Trade and Commerce department here. Well, that becomes a double-headed farce.

Mr. SUTHERLAND: I am a little surprised at the manner in which the hon. member has criticized the trade agents. He ended up by pointing out that they had absolutely no control over their own movements.

Mr. LOGAN: May I be permitted to say that I have not attacked any trade agent. I did not attack the trade agent in Kingston, Jamaica; I said that he was a creature of circumstances. I am attacking the way they are appointed, namely, by passing a civil service examination, and without having had any experience in business.

Mr. SUTHERLAND: I may have misunderstood my hon. friend, but a little earlier in his address I understood him to say that this man was a graduate of Edinburgh university and was possibly qualified to examine the examiners of the Civil Service Commission, but that he was not a competent man for a trade agent.

Mr. LOGAN: That is not attacking him.

Mr. SUTHERLAND: I do not want to be understood as criticizing in any way the expansion of our trade and commerce. I think that is a matter that is deserving of the utmost attention on the part of the government. I do, however, wish to point out that the discussion so far, particularly from hon. members behind the minister, has led up to a certain point; they have absolute confidence in the minister's ability to appoint competent agents, and I am inclined to think that every member in the House would have that same confidence in the minister if he had a free hand in the matter; but I can also imagine how free his hand would be when I hear hon. gentlemen behind him denouncing the Civil Service Commission and clamouring for the old system of political patronage. The pressure would become so great that I am afraid even the Minister of Trade and Commerce would be inclined to give way and allow certain things to be done that he did not feel inclined to do himself. We all realize what was taking place in this country a few years ago when the political patronage system was in vogue, and before these appointments came under the Civil Service Commission.

I do not think it is a crime to be thirty-two years of age, providing the agent is qualified and has lots of energy and vigour. In fact, it is men of that age that business concerns all over this country are anxious to pick up to-day. I have no doubt that the age qualification may prevent the department from getting some very useful men, but I am inclined to think that if you get the right man at thirty-two years of age he will render splendid service to this country in the years that follow. I have a very vivid recollection of some of the appointments that were made in the years gone by, of some political hacks who had no earthly means of obtaining an existence in this country being appointed to responsible positions abroad, and I believe that brought greater discredit upon the government responsible for that condition of affairs than anything else I know of. Some of these men were sent to China, some to the Old Country and other parts of the world. It was that system that was in no small measure responsible for bringing government appointments under the Civil Service Commission. I am not going to condemn or uphold the Civil Service Commission but there has to be somebody somewhere to stand between this clamour for political patronage and the rights of the people of this country, and we may just as well realize that first as last.

The hon. member for King's, P.E.I. (Mr. Hughes) criticized an appointment that had been made to Newfoundland on behalf, he said, of the Maritime provinces. Now these trade agents are not appointed on behalf of any particular province, but to represent the whole Dominion of Canada in the country to which they go, and if the party to whom he referred did come from the province of Ontario, I do not think that that is anything against him. The hon. member says that this man did not know the difference between a codfish and a herring, but he may have known a great many other things, and I have no doubt that he would learn even that in a week in Newfoundland. So, after all, there is not so very much back of the criticism.

The hon. member for Cumberland (Mr. Logan) would lead us to believe that there were no trade representatives in Cuba and the West Indies, but I notice from the Auditor General's report that there are four of five down there, and that the trade agent at Kingston has two assistants and a messenger. That is up to March 31, 1923; there may have been dismissals since then. The hon. member also admitted that this country was doing a tremendous business I think he said $17,000,000 worth, with these countries, so those agents down there must be doing some

good. Do not let us attack every one who is in the service, just because this government has not had the privilege of making the appointments. Even though the appointments have been made by the Civil Service Commission, the minister, as has already been pointed out, exercises a good deal of control in examining them; and he does not need to accept them unless he is assured they are competent for the position. Some regulations must be maintained, and if we had a minister who was free from the pressure of his supporters, with the business ability which my hon. friend undoubtedly has, I have no doubt that he could pick up good men for these positions; but it does not follow that that would always be the case.

Mr. GRAHAM: The government might change.

Mr. SUTHERLAND: The Minister of Agriculture has been clamouring for the right to make all appointments in his department: other ministers have been doing the same thing, and hon. members will see where it would end. If the Minister of Trade and Commerce were granted the right to make his own appointments, every member of the government would want this same right. They would say, "Look what the Department of Trade and Commerce is doing; we must have that right". We would get back to the old condition of affairs and every old political hack in this country would be appealing to the government for some appointment. I think the position is untenable. As has been pointed out by the hon. member for Cumberland, if these agents are so hampered and restricted in their operation that they cannot render good service, that is a matter for the minister to look after, to see that they are given the liberty to carry out what they think is in the interests of the country. I do not believe there is anything to be gained by condemning the system; if the system is not right we must make it right. But to say that we must discard the system and go back to the old condition is a proposition the people of the country will not tolerate for one minute.

Mr. SHAW: The constant attacks which I hear from time to time on the Civil Service Commission in this House induces me to make some observations in connection with the method of appointment to these particular positions of trade commissioners. If I understand the situation correctly, and if my information is correct, the qualifications of prospective trade commissioners are agreed upon between a representative of the Trade and Commerce department, and a representative of the Civil Service Commission. Public notices are then posted and applications are made, ratings are given, or possibly examinations are held, and the candidates who have presented themselves who seem most likely to be suitable for the vacant positions, are called before an advisory council consisting of a representative of the department, a representative of the Civil Service Commission, and a representative of the soldiers' organizations, the latter merely for the purpose of seeing that the rule with regard to soldier priority is maintained, and in addition leading representatives of business life in Canada are called in. This advisory council examines these applicants, ascertains their business experience and knowledge, and then makes a recommendation to the commission as to the most suitable man. Then that particular candidate who may be selected is given training in the department for a period, I believe, of from one year to one year and a half. If I am correctly informed he is trained not only in one branch, but acquires a general knowledge of all branches and upon the completion of his training to the satisfaction of the minister he is eligible for appointment as trade commissioner. That is the situation with regard to training, and that is the opportunity for testing out these particular individuals who may be applicants for the position. Not only is that the situation, but, in addition to that, the matter of whether or not the man gets an appointment in the service—

Mr. LOGAN: Who gives the training?

Mr. SHAW: The Department of Trade and Commerce.

Mr. LOGAN: Does the hon. member know who really does the training in reference to trade matters?

Mr. SHAW: I am sure the minister can tell us, but I take it that in every branch of the department these men are under the constant supervision of superiors who should be familiar with the requirements of the foreign offices.

Mr. LOW: The training is given by an officer who has been appointed under the system by the Civil Service Commission.

Mr. SHAW: Does the minister suggest that the officers appointed by that commission are inefficient for the task? If he does, all I have to say is that the power of dismissal rests, not in the hands of the Civil Service Commission, but in the hands of the minister. Not only is the power of appoint-

ment in the hands of the minister, but the power of dismissal is in the hands of the minister.

Mr. LOW: The power of appointment is not in the hands of the minister.

Mr. SHAW: The minister must accept the appointment. I am simply outlining this matter because I think in fairness to the merit system the facts should be made known.

Mr. HUGHES: There is no merit in that.

Mr. SHAW: It would have been easy for the hon. member for King's, P.E.I. (Mr. Hughes) to make that statement before the Civil Service committee last year. He had ample opportunity on that occasion, but he was not able, nor was any individual member of the committee able, to bring to the attention of the committee a single case in which it could even be suggested that the Civil Service Commission had neglected its duty in any particular. That is a fact and I challenge contradiction—

Mr. HUGHES: I wish to say that there was so much irrelevant matter brought before that committee that I simply refused to attend it.

Mr. SHAW: It was easy for the hon. member—

Mr. HUGHES: And it was largely due to my hon. friend from West Calgary (Mr. Shaw).

Mr. SHAW:—when he was discomfited to keep away from the committee, but that does not justify his action nevertheless in my humble judgment. There may be difficulties in connection with the working of the Civil Service Commission, I am not defending them if they are guilty of any wrongdoing, but I say that so far as the people of Canada are concerned I am convinced at least that they are substantially in accord with the merit system. They want to see that principle upheld and maintained. Not only that, but I believe that the civil servants themselves are satisfied that that is the proper principle to apply. Not only did this committee last year to which my hon. friend refers, find that that was a vital principle to maintain, but in addition to that they held that we should have some independent body to look after this matter of finding out the most capable persons to fill positions, in order to see that political and personal considerations were totally disregarded in all appointments. Under those circumstances, not knowing whether the trade agents are appointed under the old system, not knowing whether they are appointed by reason of the Civil Service Act, one cannot say as to their particular qualifications, and I am certainly sure that little has been shown to-night that would justify anybody in suggesting that the method of appointing trade commissioners is either inadequate or that it has not merit. I understand the minister to say that these qualification rules which are established provide an age limit of thirty-two. I would like the minister to investigate into the salaries paid these trade commissioners and tell the House if he thinks that, with the salaries provided, he is going to get successful business men like himself to live down in a hot climate like Cuba? I think it is entirely out of the question. I think adequate salaries should be paid, and I am satisfied that with the system which the Civil Service Commission provides proper and competent representatives can be secured if such adequate salaries are paid.

Mr. MEIGHEN: I am very much in accord with the remarks of my hon. friend from West Calgary (Mr. Shaw) but the reason I rise now particularly is to ask, why is it that, in the face of these constant complaints about the system, the government does not take its courage in its hands and propose a change? Why are we treated to these whinings every year about the awful restraint under which they labour? They cannot govern the country, they cannot change this and cannot change that; they are tied hand and foot, chained down and helpless. Let them come to parliament and submit their policy. Deputations from boards of trade come to Ottawa, go before the Prime Minister and beg for economy, and the Prime Minister tells them, "I cannot economize; there is that awful Civil Service Commission. Look at the law which places it all in their hands. In this way I am tied hand and foot," thus leading them to believe the Civil Service Commission were dictating salaries and everything, that it was superseding parliament and that the government could not escape from its chains no matter how it struggled. But all the Prime Minister has to do, if he does not like it, is to come to parliament, take his courage in his hands and propose a change. The Minister of Agriculture (Mr. Motherwell), with all his beneficent designs for the country, is thwarted by that hostile Civil Service Commission, and if it were not for that commission he could lift agriculture into the seventh heaven. The Minister of Trade and Commerce says

to-night: I cannot do anything; here is this Civil Service Act. If the government want to change the act, let them come to parliament, take the responsibility, propose the change, and do not let us hear this whine session after session, trying to load upon someone else the responsibility that now is theirs and that they and they alone can discharge.

Mr. ROBB: My right hon. friend had the courage at one time and was attempting to change the act, but he withdrew the bill.

Mr. MEIGHEN: But I was not whining. I came to parliament and asked for it. I submitted it to a committee and what the committee recommended, we did. We did no more. The hon. gentlemen submitted a change to a committee; the committee brought in a report which was completely antagonistic to all their claims and complaints to-night, and still they come back and try to throw on a commission and on an act of another government the responsibility for their own failure.

Mr. LOW: I am not given to whining, but I find the conditions here and I am simply explaining them to parliament. I am not whining about anything at all.

Mr. MEIGHEN: Propose a change.

Mr. LOW: I am not suggesting a change to-night.

Mr. CALDWELL: I am not rising to discuss the merits or demerits of the Civil Service Commission. I should, however, like to make one or two practical suggestions to the minister with regard to, not only the appointment of a trade commissioner to Cuba, but some other things I think he should take up for the benefit of the export trade of Canada when he is appointed. Possibly I would go a little further and urge that the minister should take this matter up himself, because I do not think a trade commissioner would have authority to do something, I would like to have done, that is, to arrange for some measure of reciprocity between Cuba and Canada. We have arranged reciprocity agreements with countries with which we do very little business. As I pointed out before, Cuba is to-day our only market for potatoes. Our ships go there loaded with potatoes and come back loaded with raw sugar. In view of the extremely high price of sugar at the present time, we might very well arrange for some reciprocity agreement with Cuba for a freer exchange of potatoes and sugar, because at the present time the United States has a preference over us in the duty on potatoes of about twelve cents a bag, which is quite an item when the margin is so very close as it is to the potato grower. I hope the minister will make a note of this, not forget it and not keep it under consideration too long. I hope he will not keep it under consideration as long as he has the appointment of a trade commissioner to Cuba. He should appoint to Cuba, the best man he can get, and he should also give his personal attention to the matter I have just suggested, that is a measure of reciprocity with Cuba.

Mr. HUGHES: It is very unfortunate that a matter of this kind, that is a purely business question, cannot be discussed in this committee or in this House without party politics being brought in. I regret very much that the leader of the opposition (Mr. Meighen), not only to-night, but on former occasions, and particularly to-night when there was no reason for giving the discussion that turn, should see fit to speak in the way he has. I made no attack on the Civil Service Commission beyond this particular question. I presume that the Civil Service Commission is capable of doing good work, of filling an important position in the country; but it is not capable, judging by results, of appointing trade commissioners, and it is hardly probable that we can get practical, useful, experienced trade commissioners under the system now established. The results show that. I was a little disappointed at the remarks made by the hon. member for West Calgary (Mr. Shaw), who knows a good deal about actual conditions of the Civil Service Commission. Under ordinary circumstances, for some positions, I believe the merit system, the system adopted by the Civil Service Commission and the examinations held by them, would give good results; but surely the hon. member for West Calgary will see that we cannot get results with regard to this question from the Civil Service Commission under present conditions.

Mr. SHAW: Why not?

Mr. HUGHES: Because the best trade commissioner that could be sent from Canada to the West Indian islands or to Cuba, might be a man who could not pass the Civil Service examination at all, who would have no chance of being appointed under the present system. If my hon. friend were a business man, I think he would realise that.

Some hon. MEMBERS: Oh, oh.

Mr. HUGHES: I presume he is a capable lawyer, a capable man.

Mr. SHAW: Do not make any violent assumptions.

Mr. HUGHES: If he is not a capable man, a capable lawyer, I am sorry. I would presume that much. I will agree with one remark made by the hon. member for West Calgary, that is that it would be practically impossible to get men engaged in active business to accept the salaries that are paid to trade commissioners. The salaries ought to be increased in order to get good, suitable men, because if you cannot get good, capable men, there is no use in appointing any one at all. The men who might be obtained would be men above forty years of age, suitable, practical, capable men, men who are advanced somewhat in years, who have perhaps, retired from active business, who have had wide experience and who would be ready to take a trip and a position of that kind for a few years. They are, in my opinion, the very best men that could be appointed.

Mr. LADNER: How much would you have to pay such a man?

Mr. HUGHES: I do not know, but that man would take a smaller salary than a man about forty years of age who was engaged in active business, and he would be just as suitable and capable at fifty years of age. The experience he had gained in his own business would be of great value to him. Another thing that should be taken into account in appointing a trade commissioner is that he should have experience in the business of the part of Canada that he represents. For instance, if a trade commissioner were sent to the West Indian islands or Cuba where probably seven-eighths of the business is carried on with the Maritime provinces, then a Maritime province man should be selected, who is especially acquainted with the business of that part of Canada. If he is wanted to represent business in which Ontario or western Canada is chiefly interested, he should be a man from that part of Canada. It is results that we should look for. American consuls in different countries are, I think, really trade commissioners; they are generally men somewhat advanced in years, while the tendency in this country is to send boys. It is no crime to be a young man, or to have a diploma from a university or to be a graduate from a university; but keep those men in the position for which they are qualified. In a large place, one of those young men might very well be an assistant, and in time to come, he might prove very useful. But I do want to repeat the observation so well made by the hon. member for Cumberland (Mr. Logan). What man of common sense in this country would imagine that a graduate from Edinburgh university who went to Winnipeg and was not a success at law, although perhaps useful in other respects, could be of any use at all in Cuba as a trade commissioner? That is the kind of result you get under the present system. I do not want the leader of the opposition or anybody else to say that we are attacking the Civil Service Commission. I am not doing so at all events, but I repeat the statement that under the present system it is a farce for the Civil Service Commission to make appointments in this particular work. It is ridiculous and is a waste of money.

Mr. CALDWELL: I asked the minister some time ago to give us the exports and imports between Canada and Cuba on the one hand and Canada and Jamaica on the other.

Mr. LOW: The exports to Cuba last year amounted to $5,816,568 and the imports $8,992,490. That was for eleven months ending February 1924. In the case of Jamaica the exports amounted to $2,793,387 and the imports $2,949,232.

Mr. CALDWELL: Of what did the imports and exports chiefly consist, between Canada and Cuba?

Mr. LOW: I have not the details. The hon. member for West Calgary (Mr. Shaw) asked me whether I thought that the trade agents were paid an adequate salary. I can only say that in this case also the salaries are fixed by the Civil Service Commission, so that I have very little say in the matter. The hon. member expressed the view that a university graduate with a year's training in the department was sufficiently equipped for the position of trade commissioner. I know that my hon. friend is recognized as one of the leaders of the bar in his province, and I would ask him the same question that I asked the leader of the opposition some time ago: does he think that a graduate from a law school, after a year's experience in a law office, would make a good judge for one of the high courts of the country? The hypothesis is analogous to the present case.

Mr. CALDWELL: In view of the fact that, as the figures which the minister has given show, our trade with Cuba is so much greater than it is with Jamaica, what excuse is there for the transference of the trade commissioner from Cuba to Jamaica? I venture to say that the trade between Canada and Cuba is capable of far more development than the trade with Jamaica, and the exports from this country to Cuba consist chiefly of potatoes while the imports from Cuba are made up almost entirely of sugar. I would

impress upon the minister once more the necessity for the appointment of a trade commissioner in Cuba.

Mr. LeSUEUR: We have this evening heard a great many remarks about the inefficiency or the incompetency of our trade commissioners, and the blame has been placed upon the Civil Service Commission. I have failed however to see any specific statements or any specific proof which would connect these two things. If you are going to judge of the appointments made by the Civil Service Commission, of the efficiency of trade commissioners, or of the regulations under which the Civil Service Commission appoints these men, your first study must be of the duties which the commissioners are expected to perform. I ask the committee, what are the duties which Canadian trade commissioners in foreign countries are called upon to discharge? In the first place, they are supposed to have a fairly accurate knowledge of the products and manufactures of Canada which will be suitable to the particular country in which they are representing us. In the second place, I would assume that they would be expected to mix with the people of that country, to get acquainted with the buyers there, and then to supply them with the necessary information regarding Canadian products and manufactures. Furthermore, a very essential thing is that they should be men of address and of a certain culture who can become acquainted and stand in with those with whom they do business. These commissioners require very different qualifications from the mere ability to sell goods in Canada for a particular industry. The situation is absolutely different: it requires intelligence, a general knowledge of the products and manufactures of this country—although not a detailed knowledge of any particular line—and then energy and push, along with a certain address so that these men may be able to ingratiate themselves into the esteem of the people of the country in which they represent Canada. If, as I believe, these are the qualifications, then the remarks of the hon. member for West Calgary are very pertinent, and the investigation and examinations which he shows that the Civil Service Commission makes are indispensable to the choice of men suited for the business. I have been personally in very close touch with the commercial attachés of the United States, and with the representatives of Great Britain, in a great many of the southern countries; I know the duties which they are expected to perform, and I know that these are the qualifications which they require. When we speak of choosing a man at the age of thirty-two we must remember that this is the age that is set for entering the service. A man is not supposed to enter the service one year and go out the next; he expects, I presume, to be entering upon a career. Such a man believes that he will ascend in the service, and naturally after having trained in the department for a year and a half or two years, during which time he has got acquainted with Canadian conditions generally, he goes abroad and takes a minor post and gets experience in his new location. At thirty-two a man's mind is plastic, his nature is not set, and he adapts himself to people more or less easily. Then, again, the psychology of the people in these foreign countries in which our trade commissioners represent us is entirely different from that of our own people; and it has been the experience of a great many of our manufacturers and our big business concerns that the travellers who have been sent out from Canada and the United States do not make the success in those countries which they achieve here for the simple reason that they do not understand the people. A man of thirty-two has certainly been out of college several years, and there is no reason to doubt that he has acquired a certain amount of experience.

Mr. LOW: Does the hon. member think that a man of forty should be barred?

Mr. LeSUEUR: I was coming to that. I was saying that a man of thirty-two is plastic in mind, and he can more easily get into close touch with the people of a new country and better understand them than can an older man. Now, a successful business man at forty is not likely to be jumping into a trade commissionership. The man of forty who seeks such a position does so because he has been a failure in business or for reasons of health, but in any event he is not seeking it as a career. If thirty-two is too inelastic an age limit, why not change the regulations? But I am putting that forward as the possible reason for the limit. As regards the Civil Service Commission, I do not see why they are not completely fitted to choose men with those qualifications. If our trade commissioners are not giving effective service, I believe it is due to the instructions they receive or to the way they are handled. As the hon. member for Cumberland (Mr. Logan) very properly said, they are tied down too strictly, they have not sufficient freedom. A trade commissioner who cannot move out of his office to get after business when he sees it, who cannot spend a certain amount of money in maintaining his status and getting in touch with

people, cannot of course be expected to secure results. It is the system and the organization surrounding trade commissioners more than their selection and appointment that I believe is at fault, if fault there be.

Mr. LEADER: Mr. Chairman, I rise to correct an impression that possibly might grow out of the remarks made by the hon. member for Cumberland and the hon. member who has just taken his seat, to the effect that a certain trade commissioner was not allowed to travel over his constituency, as it were, without authority from the Civil Service Commission at Ottawa. That may be true in an isolated case, but as a matter of information I propose to give the committee a few items which I have taken from the Auditor General's report during the last few minutes. I find the following set out as the travelling expenses incurred by our trade commissioners overseas; $467; $336; $1,357; $4,057; $1,031; $2,085; $352; $271; $397; $2,846; $2,918; $1,636; $2,791; $2,472; $1,230; $424; $13,809. They total approximately $40,000. Evidently some of these trade commissioners have been stepping out.

Mr. GOULD: How many trade commissioners are representing Canada in the central states of the United States?

Mr. LOW: We have only one trade commissioner in the United States. He is located in New York.

Mr. GOULD: Our trade commissioners over there seemingly have lost the market for us in cereals in that we have now to overcome a forty-two cent per bushel duty on our wheat. I do not know whether that reflects upon the hon. gentleman in that he was an appointee of the former administration, but we, in common with practically all countries, erect tariff barriers and then appoint trade commissioners to regain the trade which we have obstructed by these artificial barriers. I merely interject this remark to emphasize how unnatural it is that we should incur expense to undo the very thing we have done.

Mr. EVANS: Are these trade agents appointed to furnish information to the Customs department?

Mr. LOW: No, but I am sure they would be very glad to furnish any information that the Customs department might ask for.

Mr. EVANS: Are they used specifically for that purpose?

Mr. LOW: No, they are not.

Mr. LADNER: In view of the varied conceptions of what trade commissioners are supposed to do, perhaps the minister as head of the department can tell the committee precisely what are the functions of a trade commissioner?

Mr. LOW: To my mind a trade commissioner is simply a glorified salesman.

Mr. LADNER: With all due respect and humility, I submit that the minister has an entire misconception of what a trade commissioner is. Like my hon. friend from Cumberland, I have done some travelling, and I have found that the British trade representatives in Italy and the other countries of Europe do not regard themselves as glorified salesmen. A trade commissioner cannot possibly be a salesman because he cannot be expected to have specific knowledge of every article manufactured in any country. My conception of his function is that he brings in contact the people of one country wishing to do business with the people in another country, and then their respective experts do the actual business. If the minister is of opinion that a trade commissioner is a glorified salesman it is little wonder that he and his followers are disappointed with the results obtained and wish to institute some kind of patronage system in connection with the appointment of these commissioners. I think the committee will be disappointed in the minister's conception.

Mr. LOGAN: The hon. gentleman apparently does not understand anything whatever about the functions of a trade commissioner of this country whom he is mixing up with consular agents and ambassadors. As the minister says, our trade commissioners are men sent to secure trade. When any of our trade commissioners are brought back to Canada from time to time, as Mr. Ross is just now, they visit our manufacturing centres and get in touch with our manufacturers to see what they have to sell. In the Commercial Intelligence, published by the department, will be found a list of articles which any particular country desires to buy or sell.

Mr. LADNER: Does the hon. gentleman know the functions of a British trade representative in foreign countries?

Mr. LOGAN: Yes.

Mr. LADNER: Does he assist there as a salesman?

Mr. LOGAN: No. But conditions are entirely different in Europe from what they are in the West Indies. We are endeavouring to secure trade between buyer and seller, and our trade commissioners come between the two.

Mr. LADNER: Does the hon. member suggest that the manufacturer of a special line of machinery in Canada would send to our trade commissioner in Cuba and get him to sell that machinery?

Mr. LOGAN: Why, certainly, Mr. Chairman. The hon. gentleman has been asleep! If he reads the Commercial Intelligence he will find that that is being done all the time.

Mr. LADNER: I think my hon. friend has been at sea!

Mr. LOGAN: I have been at sea, but not overseas.

Mr. LeSUEUR: Are there any trade commissioners in any country that do the actual selling of goods? Their duty as I have always understood it, is to bring the producer in touch with the buyer, but not to make the actual sale.

Mr. LOW: The hon. member is right. Our agents do not do any selling; they simply bring the buyer and the seller together.

Mr. WHITE: Are additional offices to be opened this year?

Mr. LOW: Some may be opened during the course of the year, but nothing has been definitely decided.

Mr. WHITE: I understand that the position of director has been abolished and the occupant of that office sent to the West Indies. That should make a saving instead of an extra expenditure should it not?

Mr. LOW: The office has not been abolished, but the director has been transferred to Barbados.

Item agreed to.

DEPARTMENT OF LABOUR

Labour—Administration, Employment Offices Co-ordination Act, $50,000.

The CHAIRMAN: This is the vote that was allowed to stand before six o'clock.

Mr. SHAW: This employment service is undoubtedly doing very valuable work in regulating the distribution of labour, particularly that variety of labour which is engaged in seasonal employment. I have before me, as illustrative of what I am referring to, the figures indicating the movement of farm labourers to and from western Canada during 1923. In the spring and harvest seasons 5,519 men were transferred from British Columbia to the prairie provinces, and of that number 2,963 were subsequently returned to British Columbia. During the harvest season 34,599 harvest hands were transported from eastern Canada to western Canada and of that number 29,021 returned to eastern Canada. Then, of British harvesters 11,883 were brought to western Canada; 1,385 returned to eastern Canada, and 2,284 to Great Britain; 225 were deported, and there remained 7,939, so that the estimated increase of farm labourers remaining in western Canada following the 1923 movement totalled 16,073, according to the figures. The work of transporting these men from British Columbia and from eastern Canada to western Canada during the spring and harvest seasons was largely, as I say, done by this employment service, and in order to see that the work is properly co-ordinated it is essential that it be continued in their hands. But there is another organization, the Land Settlement branch, attached to the Immigration department, which is engaged in bringing farm employees and labourers from overseas. The work of that branch has interfered very seriously with the work of the employment offices, and as a result of there being no co-ordination between the activities of those two departments there is a considerable amount of unemployment in various parts of Canada even to-day. I have noticed resolutions passed by the town council of Sarnia, by one or two other cities in Ontario and by some cities in western Canada, complaining of this unemployment and of the failure of the federal government to assume the responsibility. I suggest simply that it should be the minister's aim to endeavour to co-ordinate the work of this Land Settlement branch and that of the employment service with a view to seeing that there shall be no overlapping and that no injustice is done either to the employers of labour or to the employees themselves, especially those engaged in seasonal employment.

Mr. WOODSWORTH: I think the minister was going to give me some information regarding the possibility of the establishment of unemployment insurance—what is being done in other places.

Mr. MURDOCK: During the interval since six o'clock I have tried to get that information, but the file clerks in the department had gone home; consequently my hon. friend will have to bear with me until I can go into the department in daylight. I will get the information.

Item agreed to.

Administration, Technical Education Act, $3,000.

Mr. MEIGHEN: How long does this statutory grant last?

Mr. MURDOCK: Until 1929.

Mr. MEIGHEN: Oh well, I will not inquire further. The minister will not have anything to do with renewing it.

Mr. MURDOCK: You cannot tell.

Item agreed to.

Administration of the Act respecting Annuities for Old Age, $25,000.

Mr. MEIGHEN: Will the minister say what progress his department has made toward establishing old age pensions? Could he give us an illuminating address on the subject?

Mr. MURDOCK: There is a special committee of the House appointed to consider that matter.

Mr. MEIGHEN: The minister would be on that committee?

Mr. MURDOCK: For some reason, my name is not on the committee, but the committee is splendidly equipped to go thoroughly into the matter, and I shall be glad to give it any advice and assistance I can.

Mr. MEIGHEN: I think I could guess the reason why the minister is not on the committee, especially as the committee was moved by the Prime Minister. I think the chief reason would be that he does not want to be on.

Mr. MURDOCK: I did not ask to be left out.

Mr. MEIGHEN: No, I do not think the request would be necessary; it probably was suggested to him that that would be the part of wisdom. How is it that the government has not made any progress with the subject? I would have thought from the prognostications of the Liberal campaign programme and from the known convictions of the minister, that we would be far on now with the subject of old age pensions. I am naturally interested in the question; I am approaching that stage myself, as is the minister, and I would not like to have a committee appointed session after session, merely as a means of shunting this question over from year to year. Has the government got nothing done? Has it nothing to lay before the committee? What is the government's idea of what an old age pension ought to be, and at what age ought it to start? How much is it going to cost?

Mr. MURDOCK: How many questions are you going to expect me to remember and answer?

Mr. MEIGHEN: The minister can remember all these; if he is sincere, he must have been thinking of all these for years. Before going any further, I would like to know what the minister can do in answering these I have already suggested.

Mr. MURDOCK: The government has been very busy for the past four weeks dealing with a number of very important subjects. There was the long debate over the budget, for instance, and there have been many other very important questions, possibly no more important than the question of old age pensions, but questions that appeared to have priority having regard to the financial condition the country is in. I can assure my right hon. friend that the question of old age pensions has not been overlooked, but it is realized, as my right hon. friend will realize, that with the enormous financial obligations this country has to face, it cannot take too hurriedly upon itself an old age pension scheme that would entail a very large responsibility, without full investigation as to what it might involve. That is now being undertaken, and all in reasonably good time, not too hurriedly, and with due regard to the financial position of the country, it is hoped that something will be definitely recommended to parliament. Further than that I cannot give my right hon. friend any information except that the matter has been very carefully considered and will be carefully considered.

Mr. WOODSWORTH: This is not beyond the jurisdiction of the federal authorities?

Mr. MURDOCK: It has not been so ruled by the Justice department so far as I know.

Mr. MEIGHEN: My hopes are slowly sinking. Apparently the government have been giving very thoughtful and prayerful consideration to this question, but they have not got any further; they have not reached any views. Something is going to be submitted, some time, somewhere; the trouble is the country has a large debt, and consequently we must go slow in this thing. It is amazing that that idea did not enter the minister's mind in 1919. It is also amazing how it escaped his mind in 1921.

Mr. MURDOCK: How do you know that it did?

Mr. MEIGHEN: It escaped in 1921.

Mr. MURDOCK: In what way?

Mr. MEIGHEN: Because the minister did not make any statement to the country to that effect.

Mr. MURDOCK: What statements did the minister make in 1921?

Mr. MEIGHEN: He made a lot he should not have made.

Mr. MURDOCK: My right hon. friend cannot point to one statement I made in 1921 on the subject of old age pensions.

Mr. MEIGHEN: No, I am complaining that he should have. He comes now and tells us: We have to be very careful; we have a large debt. Well, we had a debt in 1921, not quite as big, but pretty nearly, and he had a platform in his hand, promising old age pensions, and he did not tell the people then we could not do it. I say it is a wonder the idea did not enter his mind at that time. No progress has been made since, none at all; other things have priority. Perhaps he would tell the committee just what priority the Union club and the Scribe hotel would have over old age pensions, and why.

Mr. GRAHAM: Would my right hon. friend tell us his views on old age pensions? Does he think the government ought now to establish old age pensions, and if so, on what basis?

Mr. MEIGHEN: My view is, if you do not think so, you should not say so.

Mr. GRAHAM: That is safe, anyway.

Mr. MEIGHEN: That is a line of safety that the minister did not follow, unfortunately.

Mr. MURDOCK: My right hon. friend cannot prove one word of that statement; he cannot prove a word of it. It is all in line with his beautiful inaccuracies, that is all.

Mr. MEIGHEN: Have I the floor or has the minister?

Mr. MURDOCK: I am drawing attention to the fact that he cannot get away with that sort of misrepresentation with me. He is stating things that are absolutely and unqualifiedly false.

Mr. MEIGHEN: Nothing worse?

Mr. MURDOCK: No, just that, and I realize that it is all a part of the function that he thinks he has to perform, but he cannot get away with it with me. The right hon. gentleman cannot point to one statement I made about old age pensions in 1919 or 1921. He is only trying to make a noise to convince the country that he is doing something. The statement that I have made is in accordance with the facts. The government is proceeding in an orderly and considered way, having regard to the financial load that the right hon. gentleman, his government and his predecessors left with the country, to investigate this question of old age pensions. It may not be to the liking of my right hon. friend and his "special interest" friends but the government is doing fairly well.

Mr. MEIGHEN: If the minister has anything else to say I will gladly listen. I would rather listen to him than be talking myself.

Mr. MURDOCK: There is a lot more, and it is all due you.

Mr. MEIGHEN: If the minister is exhausted, I will interject a few thoughts. I thought I had made clear to him that I did not say he had made any statement in 1921, but he subscribed to a platform in 1921, a platform which promised action in respect of old age pensions. This is the statement I made, and nothing more, and all the minister's hackneyed adjectives, drawn from his long experience in other spheres, will not produce much more than amusement in this House. I thought he had learned the lesson in the early days of his first session that that kind of spread-eagle oratory is some century or two out of date, and unless he has something really to say, the less noise inflicted upon the House of Commons the better. It was with some difficulty, I know, that his colleagues restrained his exuberance in the early days of his entry into this House, but they did it, and the discipline was certainly most beneficent. Why forget the lesson he was taught?

Now, answering the hon. Minister of Railways (Mr. Graham), he wants to know my views. I have never expressed to the people of Canada the belief that we could enter upon a period of old age pensions. I never intimated that we had; consequently I am not now answerable for intimations before this House. That is my position on the subject. I know the position the country is in, but I know the country was in virtually the same position two, three and four years ago. The contrast, of course, will appear to the Minister of Railways at once. But apparently the government has done nothing, except, of course, this very anxious thought they have been giving to the question. They have not got past the thought. Why the committee of the House? What is the idea? The government had ideas on the subject years ago; what has become of them? Are they dissipated? Why the committee of parliament now to furnish new ones? Why not let some come from the administration? Could the Minister of Railways and Canals give us any idea of when

this something, at some time, is going to come before this House? I mean this proposal suggested by himself.

Mr. GRAHAM: I have not said that any proposal would come before the House. I hope that a report will come from the committee, a very ordinary method of dealing with all these affairs in order to get all the information requisite for parliament to form its conclusions. I do not know what proposals will be made, if any. I am in hopes that the committee will be able to report before the session is over and give us the benefit of the information they have received, as well as their deliberations in the matter.

Mr. MEIGHEN: Could the minister give us his views—because we will respect his opinions, if he has any,—as to whether we should have these old age pensions?

Mr. GRAHAM: My opinion is that we should thoroughly investigate the matter before dealing with it.

Item agreed to.

Progress reported.

On motion of Mr. Graham the House adjourned at 11.05 p.m.

Tuesday, May 20, 1924

The House met at three o'clock.

REPORT

Abstract statements of Loan and Trust Companies in Canada for the year ended December 31, 1923.—Hon. Mr. Robb.

SELECT STANDING COMMITTEES

BANKING AND COMMERCE

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

That the name of Mr. Euler be substituted for that of Mr. Mitchell on the select standing committee on Banking and Commerce.

Motion agreed to.

PRISONS AND REFORMATORIES ACT AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 120, to amend the Prisons and Reformatories Act.

He said: Under the Prisons and Reformatories Act, when a girl of Protestant faith in New Brunswick and Prince Edward Island is convicted for certain offences, the judge, instead of sending her to prison, may send her to the Maritime Home for Girls at Truro. The object of this bill is to apply the same provisions to a new institution in New Brunswick called the Interprovincial Home for Women, which was established in Moncton last year.

Motion agreed to and bill read the first time.

PRIVILEGE—HON. MR. MARCIL

On the Orders of the Day:

Hon. CHARLES MARCIL (Bonaventure): I rise to make an explanation. I notice in the Ottawa Evening Journal of yesterday an article in the editorial column under the caption "The Liberal Revolt," which states that, though present in Ottawa, I did not vote and did not have a pair. If I was not present, it was because I understood that I was paired; for that reason I did not turn up for the vote. As to my views on the budget, they are contained in Hansard of April 15, the third day of the debate, when I gave the budget unqualified support.

PRIVILEGE—MR. FOURNIER

Mr. C. A. FOURNIER (Bellechasse): I rise to a question of personal privilege. The same thing that applies to the hon. member for Bonaventure (Mr. Marcil) applies to me. As the article in the Ottawa Journal of yesterday is very short. I will read it:

The Liberal Revolt

The revolt in the Liberal party against the budget is much more formidable than press reports would indicate. Here is the record of the vote on Friday morning last:

Marler, of Montreal, against the budget.

McCrea, of Sherbrooke, absent (though in Ottawa) without a pair.

Euler, of Waterloo, against the budget.

Raymond, of Brantford, against the budget.

Hon. Walter Mitchell, resigned from Commons because of opposition to budget.

Sir Lomer Gouin, absent from House, without a pair.

Hon. Jacques Bureau, Minister of Customs, absent from House (though in Ottawa) without a pair.

Hon. Charles Marcil, Bonaventure, absent from House (though in Ottawa) without a pair.

Mr. Fournier, of Bellechasse, absent from House (though in Ottawa) without a pair.

Thursday morning I had an urgent call to go out of town. I made arrangements to leave Friday morning at 6.55, and I kept my engagement. Had it not been for some of my hon. friends, particularly the hon. member for Bow River (Mr. Garland), I would have had ample time to vote and my vote would have been recorded as in favour of the budget.

CANADIAN NATIONAL RAILWAYS

BILLS PROPOSED TO AUTHORISE CONSTRUCTION OF BRANCH LINES

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House

go into committee to consider Bill No. 26, respecting the construction of a Canadian National railway line between Kingsclear and the St. Croix river, in the province of New Brunswick.

Motion agreed to, and the House went into committee Mr. Gordon in the chair.

KINGSCLEAR-ST. CROIX

On section 1—Power to construct and complete line described in schedule.

Mr. HANSON: Will the minister be good enough to say if the preliminary survey of this line has been completed? He will recall that when the resolution in connection with this bill was first introduced, he stated that the preliminary survey had not been completed, and that was correct at the time. I presume that by this time it has been completed. I merely wanted to know.

Mr. GRAHAM: No surveys have been made except a reconnaissance of two alternative distances, rather than routes, one over the 41 miles, contingent upon our being able to secure the running rights, and the other over the shorter course to connect with the Canadian Pacific Railway. Before we go further I might call the attention of the committee to the fact that, as in the case of the other bills, an amendment has been made in section 6 at the instance of the ex-Minister of Finance (Sir Henry Drayton).

Section agreed to.

On section 4—Mileage and cost are estimates only but not to be exceeded by more than 15 per cent.

Mr. GRAHAM: I think it is understood that we shall include in this and the other sections where necessary the amendments that have been made in the bills which have already passed.

The CHAIRMAN: The amendments are all included in the reprinted bill.

Section agreed to.

On section 6—Issue of securities limited if running rights obtained.

Mr. MACLEAN (York): In regard to running rights, have any negotiations in that direction taken place?

Mr. GRAHAM: It is not practicable to carry on negotiations for running rights until the company has been given the right to build. When that is done application can be made to the Board of Railway Commissioners for the purpose of obviating duplication.

[Mr. Graham.]

Mr. MACLEAN (York): The government may exercise that right?

Mr. GRAHAM: The Canadian National Railways will exercise the right of appealing to the Board of Railway Commissioners. Personally I have no doubt that some arrangement will be arrived at.

Section agreed to.

On section 9—Statement to parliament annually.

Mr. GRAHAM: I want to be absolutely fair about this. In a similar section in the other bills I think the committee passed an amendment the other night. The ex-Minister of Finance moved then to add after the word "during" in the first line the words "the first ten days of", together with another slight amendment.

The CHAIRMAN: The present section, with the amendments as passed in the other bills, reads:

The minister shall present to parliament during the first ten days of each session held prior to the date mentioned in section 1 of this act a statement showing in detail the nature and extent of the work done, etc.

Mr. LOGAN: I suggest that we use the word "within" rather than during. The latter word almost implies that this presentation is to be made every day. Personally I think the word "within" would be better.

The CHAIRMAN: All the other bills have been amended in this way, and it would seem desirable to have the present bill in conformity with them.

Mr. HANSON: Before this bill is passed, Mr. Chairman, I desire to read to the committee, so that it may appear in Hansard, a resolution passed by the Fredericton Board of Trade at a meeting held on May 14, 1924, in favour of this branch line. The resolution is rather long and enumerates a good many reasons in its support, and in view of its importance I feel I am in duty bound to read it. It reads:

Whereas, the Canadian Government Railway system is the important railway system serving the provinces of Nova Scotia, New Brunswick, and Prince Edward Island, with a total mileage of about 2,769 miles,

And whereas, the whole of the province of Prince Edward Island, the greater part of Nova Scotia, and about half of the province of New Brunswick are entirely dependent upon the Canadian National Railway system, both for the transportation of all goods imported, and all merchandises exported, as well as for passenger traffic,

And whereas a very large proportion of the exports of the Maritime provinces go to the New England, and other eastern states.

And whereas, a very large passenger traffic originates on the Canadian National Railway bound for the eastern states,

And whereas, the Canadian National Railway system in the Maritime provinces has no direct connection with any American railroad, thus making it necessary for the government system to hand over its freight and passenger traffic for points in the eastern states, to a competitive railway,

And Whereas, this system either increases the freight to be paid on all exports, etc., thereby reducing the returns of the producers, or else reduces the earnings of the Canadian National Railways,

And whereas, there is now before the House of Commons, Ottawa, a bill providing for the building of a connecting link of railway between the Canadian National Railway system in the Maritime provinces and the United States system of railways, from a point at or near Kingsclear, York County, N.B., on the St. John and Quebec Railway, to or near the town of Vanceboro in the State of Maine,

And whereas, this proposed construction is advocated by the directors of the Canadian National Railways as being of great importance in the development of traffic to and from the Maritime provinces and the United States, over the said Canadian National Railways, from a revenue standpoint,

And whereas, a similar policy was advocated by Mr. Gutelius, formerly general manager of the Canadian Government Railways:

Therefore be it resolved, by the Fredericton Board of Trade assembled this 14th day of May, 1924, that it is in the interest of the patrons of the Canadian National Railways in the Maritime provinces, and in an economic way in the interest of all Canadian taxpayers, that a branch line of the Canadian National Railways be constructed from some suitable point on the Saint John River, to connect with the Maine Central Railway at a point at or near Vanceboro, Maine,

And further resolved, that copies of this resolution be forwarded to Mr. R. B. Hanson, Federal member of York-Sunbury; the Senators from New Brunswick, and the Minister of Railways, the Hon. George P. Graham.

W. J. OSBORNE,
President Fredericton Board of Trade.

Fredericton, N.B., May 17th, 1924.

Section agreed to.

On the Title:

Sir HENRY DRAYTON: I desire to point out somewhat more in detail what I have already said in connection with this railway. Briefly, the railway is not one which in my opinion can be justified as a matter of business; and I am referring to the subject now only in that respect. In the first place, I would point out that we already have a good many different connections on the Intercolonial with New England points. The next thing I point out is that since this matter first came up we know what the actual freight movements are. On May 5, after this bill had been considered in committee, the following information was given by the minister and will be found at page 1722 of Hansard. He was asked as to the volume of revenue freight traffic transferred to the Canadian Pacific for furtherance to United States points. His answer was:

The tonnage of such traffic handed to Canadian Pacific Railway during 1923 was 187,909 tons and tonnage received during same period from Canadian Pacific Railway was 8,419 tons making a total of 196,328 tons.

Then on the question of receipts he answered:

(a) Canadian National earnings on above traffic were $321,606.65. (b) The St. John & Quebec Railway earnings were $53,255.69 of which the Canadian National retain 60 per cent.

Then with regard to the amount of money which the National system would have earned had this connection been built the answer is:

The Canadian National would have received one hundred per cent of the tonnage shown in reply to Question 1 and additional revenue amounting to $246,917,33.

It will be observed in the first instance, Mr. Chairman, that, based upon actual business—because here we get a photograph of what the situation is—there will be a gross added revenue to the Canadian National of $246,000 odd. I would point out to the committee that another question was answered very shortly afterwards, and it will be found at page 1862 of Hansard. The question here deals with the operating ratios, which give us some slight index as to the amount of money the system would be able to hold out of the $246,000 odd to which I have referred, and it is shown that on the Atlantic region the operating ratio is 123.23; that is, for every $100 worth of revenue received on that part of the system the sum of $123 odd is required to earn it. This added traffic cannot change that ratio very much one way or the other, for those results would be smeared over the whole. Supposing we take this ratio at 120 instead of 123, the result is we would be out of pocket 20 per cent, and, further, we would be out of pocket the whole amount of the carrying charges of the investment. The matter is carried further by the information which my hon. friend gave me yesterday in connection with the operating ratios of this particular line. Hon. gentlemen will remember that we are proposing to build a branch line, from a line owned by the province of New Brunswick, 40 per cent of the receipts from which line have to be paid over to the province of New Brunswick, the Nationals retaining 60 per cent The answers and questions are to be found a page 2264 of Hansard, as follows:

Sir Henry Drayton:

1. In discharge of the contract to pay 40 per cent of the gross traffic receipts earned on the St. John and Quebec Railways, how much money did the Canadian National system pay the province in respect of the operations of the year 1923?

2. How much did the said sum so paid fall short of discharging the obligations of the province as the owner of the said railways?

3. What sum did the 60 per cent retained by the Canadian National Railways amount to in the year 1923?

4. By what amount did the said 60 per cent of receipts fail to meet the operating expenses on the St. John and Quebec Railways in the year 1923?

5. What is the resultant operating ratio of the year's operations based upon the retention of but 60 per cent of the receipts?

Hon. Mr. Graham:

1. $109,199.75.
2. No information on this question.
3. $163,799.64.
4. $340,455.81.
5. 307.80 per cent.

I submit, Mr. Chairman, that this whole proposition is absolutely against the interest of the Canadian National Railways. It cannot be defended from a traffic standpoint. These are not my figures; they are the figures of the system. They ought to be an answer to any reasonable man on the question as to the necessity of building this branch. I really think that if my hon. friend is at all well advised he will withdraw the bill. I am quite confident that if parliament is foolish enough to enact this legislation the line will never be built.

Mr. CALDWELL: Mr. Chairman, while the information given by the hon. member for West York (Sir Henry Drayton) is correct, I think it should be supplemented by some further information. In the first place, the St. John and Quebec railway, when projected, was to have been built from St. John to Grand Falls to connect with the Transcontinental at that point. Unfortunately only the middle section has been built and it has never been connected with either end. For instance, the last ten miles from Westfield to St. John has never been built and we had to get running rights over the Canadian Pacific into St. John. Three or four years ago I went before our provincial government at the head of a delegation to urge the necessity of completing the northern end of the railway from Centreville to Grand Falls. The then premier informed us that if the Dominion government would build the connecting link, which is the subject of this bill, the province would build the northern end. He said: "Unless this outlet is built we do not feel that it would be prudent for the province to build the northern section and continue to gather freight for the Canadian Pacific." A railway from Centreville to Grand Falls is very badly needed. I venture this prediction, and I have made it repeatedly in this House, that if this connecting link is built, thereby enabling the province to build the northern section, it will be one of the best paying lines in Canada. We simply gather freight to turn over to the Canadian Pacific Railway at four or five different points where we might begin to make something on the haulage of it. We are at present sustaining a deficit of close to half a million dollars a year on this line, about half of which is the Dominion's and the other half that of the province. If this completion does not take place we shall continue to lose half a million dollars a year. There is no doubt that the minister will be able to get running rights over the Canadian Pacific from Harvey to Vanceboro. If that is done it will not cost over $800,000 to build the 14 miles from Kingsclear to Harvey, and according to the figures given by my hon. friend (Sir Henry Drayton) himself, our earnings would be increased in the neighbourhood of $200,000 per year. If by spending $800,000 we can increase our earnings by over $200,000, that would be a pretty good showing. If the northern end of this road were completed to Grand Falls it would be one of the best-paying roads in eastern Canada, because all the freight destined for New England states points originating on the whole government system in that country—and there are about 2,200 miles of government railways in the Maritime provinces and eastern Quebec—would be routed over the St. John Valley railway to this outlet, from one end or the other. At present, however, we are simply maintaining sidings, stations, station agents and a train service to gather freight to hand over to the Canadian Pacific at various points. I am sure that the hon. member for West York is candid in his criticism, but if he knew the situation as I know it I am confident that he would revise his remarks with regard to it.

Sir HENRY DRAYTON: Apparently I cannot get the interest of the minister, but I will try again. I will take another point: Is it necessary to build lines unless we save mileage? Is it necessary to build lines which largely amount to duplication? Again, is it necessary to build this railway through a territory which twenty-five years hence will probably contain the same number of people that it has to-day? When this matter was discussed before, it was admitted freely that no freight would originate in that territory, that the line would merely serve the purpose of getting freight out. If there is any dispute about that I would sincerely like to hear it. Who is rash enough to say on his responsibility as a member that any new traffic will result from the building of this line in the territory that it runs through? Well, no member is rash enough to make the assertion. Here then, is a place where we get no new traffic. The hon. member (Mr. Caldwell) says it looks to him as if an income of $249,000 would be a good return on the investment. He would be right if we held the money, but the figures brought down by the minister

himself—they are not mine—in connection with the operation of the St. John Valley system, show that for every $100 of revenue we pay out in the cost of performing that service $307.80. No one who knows anything about this matter—and I challenge the minister to contradict me if I am wrong—will say on his responsibility as a member of the House that with the construction of this line the operating expense ratio can be cut down to anything like the ratio prevailing on the main line and the system generally—$123 for every $100 earned. Let us know what we are doing; let us understand what our action involves. We are building a line which cannot pay. This is not a net receipt; it is a gross receipt, and the figures produced by the government show that it costs $307.80 to earn $100 on the St. John Valley line.

Let me go into the matter a little further. In the original discussion the question of traffic over the National Transcontinental as against the Intercolonial was discussed. Nova Scotia business or any other business passing through or originating at Moncton may be routed, first, Intercolonial to St. John and then transferred to the Canadian Pacific. The distance from Moncton to St. John is 90 miles, the distance from St. John to Vanceboro, 91 miles. Hon. gentlemen will observe that Vanceboro is the common point in both schemes. Then again, the traffic may be routed by the Transcontinental to McGivney and thence south over the old Canada Eastern to Fredericton for transfer at Fredericton to the Canadian Pacific. In other words, as matters stand to-day it is open to the management of the Canadian National to route their Nova Scotia traffic, Moncton traffic and that of points further than Moncton, either by the Transcontinental through McGivney or by the Intercolonial through St. John. If the new line is built the mileages will be as follows: Moncton to McGivney, 95.7; McGivney to Fredericton, 34.6; Fredericton to Kingsclear, 16; Kingsclear to Vanceboro, 41; total, 187.3 miles as against 181 at present. In other words, this new gateway which is to be built through a barren territory, producing nothing, is to have a greater mileage than that now available.

Now, as to the north shore and northern New Brunswick business—and I want the minister to interrupt me if I am wrong; we ought to be able to arrive at a common point in respect to a business matter of this kind so that there will be no room either for recrimination or misunderstanding. He has his figures; he knows what his reports are and he will correct me if I am wrong. The north shore and northern New Brunswick business moves: Intercolonial to Newcastle and Canada Eastern to Fredericton. Potatoes and lumber from Carleton county—and I would like to say something about Carleton county that I know the hon. member representing it will like; It is, I think, probably the best farming county in New Brunswick, it produces a great many potatoes, and Centreville, I suppose, is just about the best point in that whole county—

Mr. HANSON: What about York county?

Sir HENRY DRAYTON: We come to York county afterwards. The density of farm produce would be very fairly put, I think, at Centreville, and my hon. friend from Carleton will correct me if I am wrong—

Mr. CALDWELL: You are only getting into the thick of it there.

Sir HENRY DRAYTON: I think Centreville is just about the centre. However that may be, it certainly is a very important point. Now their traffic moves on the St. John Valley line to Woodstock, and is there transferred to the Canadian Pacific; the distance there is 25 miles. Supposing it did not move that way, it would go over the St. John Valley to Woodstock, pass through Woodstock to Kingsclear, 48 miles; you have the total of these two mileages there. But the present business from the north is transferred to the Canadian Pacific at Woodstock. Business now from King's county, which is another very good agricultural county, would run on the St. John Valley from Westfield to Kingsclear, 85 miles. That is what would have to be done if we were going to work it that way. If it went by way of Westfield to Kingsclear it would travel 10 miles on the Canadian Pacific tracks. Now the proposition means these additional mileages, these unnecessary mileages, as against these intervening points of transfer at present.

Here is another point I would put to my hon. friend, and he knows a good deal about railway operation: Is this line to conduct a passenger business? Everybody knows it must. My hon. friend I should think at once would say that if the Nationals build this line they are going to put a passenger business on it. Now I wonder if he has ever considered what that means. Everybody knows that the passenger business at this point is passenger business which has to do with the larger New England points. Boston and the like. He also knows that, so far as passenger business is concerned, St. John is the most important point in New Brunswick. Now, just see how that works out. I have already shown

the increased length of haul for freight; let us now take this passenger business, at the points where the passenger business would be heaviest. Se. John would certainly have to have its passenger service; that is the point where my hon. friend's regular passenger trains on the Nationals are to be found. The passenger haul from Boston and New England points by the new route from Vanceboro, the common point again, would be 140 miles, and by the Canadian Pacific from Vanceboro, 90 miles. What chance is there for anything like a profitable return on a mileage over fifty per cent greater than the Canadian Pacific's movement? I venture to say that my hon. friend has not thought of it. and I think it might be a very good thing for him to think over even now. If the whole object in question is to control cars, instead of handing over traffic to the Canadian Pacific, running rights can easily be obtained on existing mileage, which is shorter than that proposed to be built.

Let us go back for a minute. When this matter was discussed before, the great cry was that the Canadian Pacific held up cars which the Nationals should get. Now, I ask my hon. friend, is there any dispute about that? Is it not true that when this matter was first discussed in this House, and when it was discussed in the committee, the great argument was control of the cars?

Mr. CALDWELL: One of the arguments, a minor one.

Sir HENRY DRAYTON: My hon. friend says it was a minor argument. I do not know that he talked on it. Will the minister say it was a minor one.

Mr. GRAHAM: My experience with the shortage of cars last year in the Maritime provinces would convince me that it was an important question. My hon. friend from Carleton (Mr. Caldwell) gave one or two instances of its importance, from his own knowledge.

Sir HENRY DRAYTON: Certainly it was a very important question. The information of the House was that the Canadian Pacific were holding up Canadian National cars, and that was the great ground for the building of this line. Well, another question was answered a few days ago, with which my hon. friend is very familiar, and that question was as to how many cars of the National Railways at the end of each month of the current year the Canadian Pacific was holding, and how many cars belonging to the Canadian Pacific the Canadian National was holding, and it was found—the information is on Hansard, and any one can turn it up—

that in every single month the Nationals had far more Canadian Pacific cars on their tracks than the Canadian Pacific had Nationals on its tracks.

Mr. CALDWELL: Would you claim this would apply to the St. John and Quebec railway?

Sir HENRY DRAYTON: All I am talking about is the figures I am supplied with by the management itself.

Mr. CALDWELL: That is for the whole National system.

Sir HENRY DRAYTON: It is the whole system, of course. Railways do not keep separate accounts as to cars over this mileage here and that mileage there; it is the whole system. Of course, it transpired in the committee, and I want my hon. friend again to interrupt me if I am wrong, that there had never been application made by the Nationals to the Railway Board to compel the return of cars. The whole question of the car business was an excuse, and not a reason; the facts were against it. But let us assume that it was a reason, and not an excuse; let us assume in violence to all the facts that the Canadian Nationals are being robbed of cars. Now, under existing arrangements to-day—and again I am going to ask my hon. friend to correct me if I am wrong—running rights may be obtained over existing connections which would give the Canadian National Railways absolute control of their cars, and would save the expenditure of this large sum of money, with all these resulting railway deficits. Are we interested in keeping down deficits? Do we really want to see something like a proper show given to the National system? Well, we are not going to do it, if in the face of figures produced by the government itself, we persist in throwing away money.

I go back to the alleged reason, and I say that without the expenditure of five cents the system could control its cars. Suppose we stop handing over any freight to the Canadian Pacific at all. Running rights without any new construction can be obtained from Fredericton to Vanceboro over the Canadian Pacific Railway. The minister knows that. He knows that the Board of Railway Commissioners has the power to order running rights.

Mr. GRAHAM: Under certain conditions.

Sir HENRY DRAYTON: Does my hon. friend suggest that under these conditions it cannot be done?

Mr. GRAHAM: They may grant running rights to save duplication. If there is no duplication threatened I doubt whether they would do so.

Sir HENRY DRAYTON: I do not know about that.

Mr. GRAHAM: It was discussed thoroughly in the committee by counsel for the Canadian National. My hon. friend was there.

Sir HENRY DRAYTON: My hon. friend has not got the point.

Mr. GRAHAM: Yes.

Sir HENRY DRAYTON: No, my hon. friend has not. The argument advanced by Mr. Ruel as showing the necessity for a pool of some sort was, not that running rights could not be granted unless there was duplication, but that there ought to be a statutory right to operate. But here to-day without the construction of a line, we can get running rights, Fredericton to Fredericton Junction, that is twenty-two miles, and from Fredericton Junction to Harvey, a total of forty-three miles, as against Fredericton to Kingsclear seventeen miles, and Kingsclear to Harvey, a common point, nineteen miles, or a total of thirty-six miles.

An hon. MEMBER: No, sixteen miles and fourteen miles respectively, a total of thirty miles.

Sir HENRY DRAYTON: I got my figures off the map. If they are wrong I want to be put right but I do not think they are much out. It would be a bit longer mileage but you would save an awful lot of money in connection with it, and you would save an operating deficit which is infinitely worse than the whole of the capital expenditure. Now, where does that leave the whole matter? It simply leaves it here: That on the one hand for the purpose of getting control of our cars we are to do something that is entirely unnecessary, for, as I have said, we can get these running rights. We are to build this considerable mileage through an absolutely barren bit of country. We are to build that in connection with a system the operating ratio of which is 307, so that we are spending, under the company's own figures, $307 for every $100 we get. If this would make such a difference in the St. John Valley system as to make the operating ratio more nearly comparable to the general operating ratio of the whole system there might be something to say for it, but that ratio would be far exceeded here and I am sure the minister knows it. The operating ratio shown for the whole of that territory is $123 plus for every $100 brought in. That is what is meant here, and I should like the minister to show whether it can be done more cheaply.

Mr. GRAHAM: My hon. friend has striven hard to get up a good brief against this railway. Two of his propositions for obviating the construction of this line involve in the first place running over the St. John railway, to which my hon. friend objects, and in the second place the Canadian Pacific. These suggestions do not materially help the Canadian National Railway to swell its income. My hon. friend says that if the Canadian National asked for running rights they would be granted. He adds, however, there would have to be some amendment to the act—the railway would have to have statutory power of operation before this was asked for.

Sir HENRY DRAYTON: I said that was Mr. Ruel's argument.

Mr. GRAHAM: If that be true, and it was not denied in the committee, unless some agreement is arrived at there can be no running rights unless the Canadian National had operating rights over some other line. In a railway bill of its own the Canadian Pacific Railway Company insisted, as the Canadian National Railway insisted recently, that if a certain line was built by the latter, there should be a clause inserted in the act compelling the Canadian National to make a joint arrangement with the Canadian Pacific. Now, if the Board of Railway Commissioners had the right to order a joint arrangement why the necessity of putting such a provision in the act?

Sir HENRY DRAYTON: Running rights and joint arrangements are different.

Mr. GRAHAM: They surely are, but they are a good deal alike. If the Canadian Pacific railway had been sure that it could get running rights it would not have asked for an amendment to be inserted in the statute.

4 p.m.

All this talk about running rights is a bit of a myth unless running rights can be agreed upon between the two roads. The St. John railway does not belong to the Canadian National line. They only operate it under an agreement and its operating ratio of course is high. The Quebec and St. John railway was constructed by the province of New Brunswick under an agreement that the old Intercolonial would operate it. The Intercolonial took 60 per cent of the receipts and the province of New Brunswick 40 per cent, the latter guaranteeing the bonds and paying the interest thereon.

Sir HENRY DRAYTON: I do not want to delay my hon. friend, but I really have only one object and that is to see that unprofitable lines are not built. Would my hon. friend say that before he gives his guarantees he will get a certificate from the Board of Railway Commissioners that it is in the public interest?

Mr. GRAHAM: I certainly will not undertake anything of the kind. That would be placing the Canadian National system under a disability that no other railway suffers from.

Sir HENRY DRAYTON: The Canadian Pacific is in that position to-day.

Mr. GRAHAM: Not at all. The Canadian Pacific cannot locate its line, the Board of Railway Commissioners do that, but the company is not compelled to say whether the line is going to pay or not.

Sir HENRY DRAYTON: Will my hon. friend say that the board cannot stop any Canadian Pacific construction that involves duplication?

Mr. GRAHAM: I admitted that some time ago, but my hon. friend said the line must not be built unless we get a certificate from an outside body that it was going to pay.

Sir HENRY DRAYTON: In the public interest that is all I say.

Mr. GRAHAM: Parliament must depend upon the men who run the Canadian National railway and if we are going to take the advice of any person it must be their advice. I did not draw the act that excepts the Canadian National in the Board of Railway Commissioners in the matter of location, that was put through the House before my time and I am not responsible for it. It may be right and it may be wrong, that is not the question. The question is should this line be built. I was proceeding to point out to my hon. friend that although theoretically he had made out a case for running rights, yet when it came down to practice, it would be impossible to get running rights at all over the lines which he suggests could be used for that purpose.

Then my hon. friend referred to the ratio on the St. John Valley railway which I was describing when he interrupted me. The ratio is high, and the ratio is high in the whole Atlantic region,—and I want to speak of that in a moment—but let me point this out: My hon. friend himself admitted that the proposition would improve the ratio of operating expenses against revenue, but he said it would only improve it a little. Well, the Canadian National railways are made up of a conglomeration of systems, and it is by these little savings and reductions of ratio all over the entire system that the management is going to be able to bring it to a point where it will pay approximately. It will take many years, I admit that, before it will be able to pay its carrying charges; but if we are going to reject all these little savings because some person objects to them then we will never get the operating ratio down to a place where it will balance the revenue.

Sir HENRY DRAYTON: My hon. friend said it would take a little time to meet the carrying charges. Until that time comes is he not making the worst of the operating ratio?

Mr. GRAHAM: My hon. friend stated a moment ago that the operating ratio was $123 throughout the Atlantic region, the ratio here and even if reduced in this case to $120 that reduction would not amount to anything. But if the ratio is reduced by anything, the reduction will amount to something.

Mr. MEIGHEN: Not necessarily.

Mr. GRAHAM: In arguing the point, my hon. friend does not want me to get along this far. The ex-Minister of Finance (Sir Henry Drayton) was arguing at the time as regards ratio and nothing else. I am answering that and he admits that it will reduce the ratio of operating expense to income.

Mr. MEIGHEN: You do not necessarily gain by reducing the ratio. Your reduction of ratio may not compensate for the increase of overhead.

Mr. GRAHAM: That is possible in a large matter, but it is not possible in a small one of this kind. I was answering my hon friends opposite. I want to be fair to what is known as the Atlantic region. The operating ratio there is 123; but if the traffic on the system which the Maritime provinces feed and from which they are fed were all credited to the Atlantic region, the ratio would be much better than 123. Therefore, in order to be fair, we would have to go beyond that. It is not fair to say—my hon. friend has not said this, but some others have said it—that the traffic which goes through eastern Quebec and the Maritime provinces costs $123 to earn $100, because that is not true. The traffic that comes from Halifax, St. John and Sydney to Montreal helps to make the central region have a better showing and so does the traffic that the Atlantic region takes to those places. That, if credited to the point where it originates, say Montreal, if the Atlantic region were extended to that point, would make a much better showing for the Atlantic region than exists to-day.

Mr. HANSON: Does the minister not think that his argument is a justification for making representations to the management that they should extend the Atlantic region to Montreal?

Mr. GRAHAM: It does not make a bit of difference to the freight or anything of that kind. It makes a difference only as regards the comparisons and I have tried to clear up the injustice of the comparisons.

Mr. MacLAREN: It makes a difference to the ratio.

Mr. GRAHAM: You cannot buy anything with the ratio.

Sir HENRY DRAYTON: No, it is the wrong way.

Mr. GRAHAM: As to the cars, the hon. member for Victoria and Carleton (Mr. Caldwell) put his finger on the weak spot in my hon. friend's argument. The Canadian National or the Canadian Pacific, might have a surplus of cars in its possession belonging to the other road in some parts of Canada and a deficit in other parts of Canada. When there is a great rush of cars to the West for the movement of the grain crop, it is almost impossible to prevent a dearth of cars in eastern Canada. The telegrams which I received a year ago from New Brunswick, the eastern part of Quebec and Nova Scotia complaining that they had no cars to move their products, were very embarrassing, because I could not find any way out of the difficulty. I asked the management and they put two or three men across the line endeavouring to get cars back. The difficulty is that in eastern Canada more is exported in pulpwood and so on across the line; you think you are going to get the cars back, and under present circumstances even if a car is sent to the boundary, it is not sent to the Canadian National, but it engages on another line, not working for us. The car argument has not been demolished. It is admitted that the ratio of operation will be improved. The men who are paid to advise in this matter are very urgent that this line should be built, and I think the committee should adopt the report of the committee on Railways and Canals and give assent to the clauses of the bill.

Sir HENRY DRAYTON: My hon. friend says one thing that I am surprised to hear. He says that there is an unfair method of accounting on the Canadian National.

Mr. GRAHAM: I did not say that at all. I said that on account of what is called the Atlantic region, there is on that region much traffic which, if the region were extended to Montreal, would be credited to that region; but it being a smaller region, the traffic is not so credited. It depends upon where you divide the region what the result of the traffic on that region will be to a large extent. The Atlantic region, as we have it is not given full credit for everything that would be credited to it if it were enlarged.

Sir HENRY DRAYTON: Why should the proper thing not be done then?

Mr. GRAHAM: The question about the ratio is immaterial.

Sir HENRY DRAYTON: I think my hon. friend is really wrong in his premises. He is going back to a very old question in connection with railway accounting and figures. Different companies and also different railway managements look at the matter in different ways. For example, the ratio in some years has been very much better in the West than in the East, or rather the central territory, and merchants and shippers in the central territory used to insist that the reason they had a bad ratio was that a great deal of western traffic came through under a very low furtherance rate, entirely out of line with the rates which they had to pay. But it was generally looked upon as being satisfactory, provided that the same rule was observed by all. In that case there was nothing wrong in what was being done. If my hon. friend has satisfied himself, for example, that there is very much more freight originating in the Atlantic division for furtherance through the central division, than there is freight originating in the central division for furtherance through the Atlantic division—if he knows that to be the case, there is a good deal in what he says. But until he knows that the Atlantic division is supporting the central division to a greater extent than the central division is supporting the Atlantic division, he cannot advance us further in connection with the question. Has my hon. friend been considering that?

Mr. GRAHAM: Yes.

Sir HENRY DRAYTON: Perhaps, then, he will give us the result in tonnage in each centre.

Mr. GRAHAM: I could not do that; I have not the figures at my fingers' ends.

Sir HENRY DRAYTON: Perhaps my hon. friend will bring them down.

Mr. GRAHAM: I am not going to get into an argument with my hon. friend re-

garding freight rates here and there; but speaking as a layman, I think the committee will agree with me that if the eastern region had the traffic that originates in the province of Quebec, say in Montreal, and all the credit of the traffic from eastern Atlantic ports down to Montreal no matter where the traffic originated, surely the ratio in the Atlantic region would be reduced, just as the assessor succeeded in reducing the ratio in the central region.

Mr. MacLAREN: If the Atlantic region comprised an area which we consider it should—and I think from what the minister said, he also appreciates that there would be an advantage in extending the Atlantic region—I hope he will follow this up and exercise such influence as he has in giving this Atlantic division its proper area. When this branch line was before the committee a short time ago the minister said he would obtain the information explaining how the cars would be brought back to the Canadian National in more ample numbers than at present. Will he give us that explanation now? He has said something upon the point but so far as I am concerned it has not served as an explanation. The minister might explain how the extension of 41 miles to the boundary line to connect with the Maine Central will bring back the cars to the Canadian National in a more satisfactory way than would be possible if the line passed to Harvey. I should also take this opportunity to point out, as I did before the Railway committee, that the extension of this line as proposed does not go through McAdam; it goes within two miles of McAdam. Therefore, it would be necessary to establish a new custom house, with officials, at St. Croix. This is an item of expense which, while it is not paid by the railways, has to be met by the country and it is an element in connection with the necessary expenses of the new line that must be taken into consideration.

Mr. GRAHAM: If I understand rightly, Harvey is the point at which it is proposed to join the Canadian Pacific Railway.

Sir HENRY DRAYTON: Harvey is the common point.

Mr. MacLAREN: I understand it is proposed to build from Kingsclear to Vanceboro.

Mr. GRAHAM: What is the distance between these two points?

Sir HENRY DRAYTON: Forty-one miles.

[Mr. Graham.]

Mr. GRAHAM: Let me try to explain the point to the hon. member as clearly as possible. It is intended to ask for running rights and to build the shorter rather than the longer line. If they can obtain those rights, as the Canadian National Railways think they can, application will be made to the Board of Railway Commissioners for the purpose of avoiding duplication. And the Canadian National Railways, having the right to build the 41 miles, will probably decide to construct over the shorter distance of 14 miles instead. If that is done there will be no necessity for the customs house as my hon. friend thinks. This, of course, presumes that things will work out satisfactorily, as I believe they will. My hon. friend asks what I think is a fair and proper question: By what process will the return to the Canadian National of their own cars from the American side be improved? That return will be expedited in this way. At present the Canadian National Railways hand over their freight to the Canadian Pacific, and the cars are then in the possession of the Canadian Pacific Railway until, of course, they are returned. With running rights, however, the Canadian National would run their own trains to the border to connect with the Maine Central—perhaps even running on the other side as well—and when the cars came back they would be handed over direct to the Canadian National Railways at the border and not to the Canadian Pacific to be handed over in turn to the Canadian National, as at present. In other words, the cars would not be diverted; they would come directly into the possession of the Canadian National Railways on their return.

Mr. MacLAREN: Does the minister think that a diversion would occur in that distance? Would there be a diversion between Vanceboro and Harvey?

Mr. GRAHAM: I do not get the idea. The Canadian National Railways would have their own transfer rights and all that sort of thing, and any rolling stock that came back they would receive directly.

Mr. CALDWELL: Knowing the situation as I do, perhaps I might be able to explain it clearly to the hon. member.

Mr. MacLAREN: I just want to finish this point. In the event of the 41 miles being built, which was the position taken originally when the matter was before the committee, how would the Canadian National Railways get their cars back any easier after they have connected with the Maine Central?

The Canadian Pacific Railway does not come in then.

Mr. GRAHAM: The Canadian National cars would be got back more easily inasmuch as they would never see a Canadian Pacific track; they would come from the Maine Central right on to the Canadian National.

Mr. MacLAREN: Is the Canadian Pacific Railway a more dreadful menace in this matter than is the Maine Central?

Mr. GRAHAM: I think I understand my hon. friend's point. Of course, we shall not be able to make the American lines any more expeditious in the return of our cars, but undoubtedly the cars would be returned to the Canadian National more readily and more satisfactorily if they were handed over directly to the company instead of being returned through the medium of the Canadian Pacific Railway.

Mr. MacLAREN: My point is that in the event of the building of the 41 miles there is no advantage from the standpoint of getting the cars back more quickly.

Mr. GRAHAM: The hon. member does not get the point.

Mr. MacLAREN: Does he not? I do not get the minister's point of view.

Mr. GRAHAM: That may be so, too.

Mr. MacLAREN: All I say is that the building of this 41 miles does not ensure an easier or more satisfactory return of the cars than we have to-day, because the Maine Central comes in and we have no control over the American lines within American territory. The other point I want to make is this, that this would seem an opportune moment for the minister to give us some encouragement in regard to the extension of the Atlantic division.

Mr. GRAHAM: I do not think that has anything to do with the bill; it is something for the board of management to consider.

Sir HENRY DRAYTON: I want to say just a word or two in order to make the record complete. In this matter of cars, it seems the Canadian Pacific Railway are bad robbers; they are making trouble. My hon. friend is not worried very much over the American line, but he is willing to spend over $2,000,000 to get rid of this Canadian Pacific Railway bugaboo. We have heard about the Canadian Pacific shortage of cars as a result of the harvest movement, and my hon. friend from Carleton (Mr. Caldwell) has told us about that. So as to make the record complete I will give to the committee again the government's own figures—not my own—as to how the thing works out; they will show what a bad holder-up of Canadian National cars the Canadian Pacific is and vice versa. Let us take the figures for last year; hon. gentlemen will find them at page 1641 of Hansard. Last January, when the rush was not on in connection with the western grain crop, the Canadian Pacific Railway had 2,206 of the National cars and the Canadian National had 4,355 of the Canadian Pacific Railway cars. So that the Canadian National was not doing badly in the fight for cars; it was beating the Canadian Pacific then.

In February the National cars with the Canadian Pacific numbered 1,968; on the other hand, Canadian Pacific cars with the Canadian National, 3,479. In March of National cars with the Canadian Pacific there were 2,068; and the Nationals had of Canadian Pacific cars, 4,025. April, the Canadian Pacific have of National cars 2,399, while the Nationals have of Canadian Pacific cars, 4,110. May, the Canadian Pacific have 1,414 National cars, as against 4,495 Canadian Pacific cars held by the National. June, 1,964 National cars held by the Canadian Pacific, as against 3,413 Canadian Pacific cars held by the National. July, 1,748 National cars with the Canadian Pacific, 3,067 Canadian Pacific cars with the National. August, 1,525 National cars held by the Canadian Pacific, as against 3,981 Canadian Pacific cars held by the National. September, 1,691 National cars with the Canadian Pacific, and on the other hand 2,940 Canadian Pacific cars with the National. October, 2,050 as against 3,399; November, 2,757 as against 3,898; December, 2,526 as against 3,545. And we are to spend two million dollars odd so that the Nationals can get even a better showing!

Mr. GRAHAM: It might not affect this situation one car.

Sir HENRY DRAYTON: In fairness my hon. friend ought not to make that statement.

Mr. GRAHAM: Surely.

Sir HENRY DRAYTON: Does my hon. friend really think that a fair statement to make?

Mr. GRAHAM: Absolutely.

Sir HENRY DRAYTON: Here is the scramble for cars, and one system with per-

centages one hundred per cent more in many cases and occasionally worse than that, and yet my hon. friend says it is a fair thing to increase those percentages by the expenditure of two million dollars. He knows that the cars are right in those figures, and yet he says they have nothing to do with it.

Mr. GRAHAM: I beg my hon. friend's pardon. I do not know anything of the kind. All the cars are in those figures, but this statement might be absolutely true—which it is—and yet show a surplus of Canadian National cars held by the Canadian Pacific in this particular vicinity and not interfere with the figures at all because those cover the whole Dominion.

Sir HENRY DRAYTON: Surely if all the cars are included, these cars are in these figures?

Mr. GRAHAM: Yes.

Sir HENRY DRAYTON: Of necessity, if the government is bringing down truthful information, the cars at this interchange point are in these figures. Why does my hon. friend say they are not?

Mr. GRAHAM: I did not attempt to deny it.

Sir HENRY DRAYTON: I certainly understood my hon. friend to deny it.

Mr. GRAHAM: Oh, no.

Sir HENRY DRAYTON: Mr. Chairman, I am not going to delay the committee any further. Mileages, returns, business—every proper consideration that can be thought of—show that this line ought not to be built.

Bill reported.

Mr. GRAHAM moved the third reading of the bill.

Sir HENRY DRAYTON (West York): Mr. Speaker, I notice it has been stated that the opposition are guilty of obstructing these bills. I should like to know from the Minister of Railways and Canals himself what he thinks of the treatment accorded to him by the opposition when they have allowed him to put through in a short sitting twelve of these bills, when instead of obstructing the opposition waived their rights under the rules of the House. Does my hon. friend himself think that that is a fair criticism of our action? Let us try to remember one or two things. It is against the rules of the House to advance a bill more than one stage at a sitting unless by unanimous consent. I do not think my hon. friend would question that statement. Consent was given by the opposition to this procedure in connection with each one of the twelve bills. Is that the attitude of obstruction? This bill can only go through to-day with the consent of the opposition, Mr. Speaker, as you well know. We have done everything to expedite the passage of these bills. The last day that they were before the House, in considerably less than two and a half hours the House put through guarantees in connection with them amounting to over ten million dollars when the plus per cent is taken into account. Mr. Speaker, we are not obstructing. We believe there ought to be a business reason for the construction of every one of these lines, and we have tried to get this considered by bringing forward business facts and consideration of railway operation. Surely that is not obstruction. I have a pretty good idea that the system itself is not going on with much of this construction. Indeed, if much of it ever is gone on with I suspect that the contracts will be advertised just about election time. But, Mr. Speaker, the opposition have not obstructed but have facilitated the passage of these bills, and I know my hon. friend will agree with me in this.

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): Mr. Speaker, I have not found fault with my hon. friend (Sir Henry Drayton). We know that he has talked a good deal and has not always thrown much light on the subject, but he was within his rights. We are making fairly good progress. This poor bill has taken a lot of time both in committee and in the House, but it is finally emerging. I admit that the bill cannot go through more than one stage without consent, but the custom of the House is this: Unless there is something essential to intervene, when bills go through the first and the second reading they go to a committee and when they come back from the committee there is not much difficulty about their getting a third reading. The literal rule to which my hon. friend refers is not very often invoked in practice. The reason that we had so many stages in this case is found in the fact that although government bills need not go to the Railway committee, these bills went to the Railway committee and were thoroughly discussed. Ninety-nine per cent of the bills that go to a committee—private bills, for example—are not subsequently discussed in the House unless there is some particular reason for it. But I make no complaint of my hon. friend's discussion of these bills.

Sir HENRY DRAYTON: Does the minister not think we did pretty well the other night?

Mr. GRAHAM: Yes, though nearly all the bills were in respect to roads that had already been started. But they had to go through just the same, and I think we are making good progress. I do not offer any complaint as to my hon. friend's delaying the House; that is his business.

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

SUNNYBRAE-GUYSBOROUGH

Hon. GEORGE P. GRAHAM (Minister of Railway and Canals) moved that the House go into committee on Bill No. 32, respecting the construction of a Canadian National Railway line between Sunnybrae and Guysborough, in the province of Nova Scotia.

Motion agreed to, and the House went into committee, Mr. Gordon in the chair.

On section 1—Power to construct and complete line described in schedule.

Sir HENRY DRAYTON: I suppose my hon. friend had the amendments that were agreed to inserted in the bill? I would not expect to see in it, of course, the one we moved as a matter of principle, but I refer to the insertion of the words "in the first ten days of" and the reference to the detailed statement.

Mr. GRAHAM: Yes. Every amendment I think, was put in except the particular motion to which my hon. friend refers.

Sir HENRY DRAYTON: We have not yet got any light on the building of this line, that is, light of such a character as would convince us that at a time like the present this expenditure is justified. But after having discussed it both here and in the committee I recognize that it is idle to debate the question any further. I merely desire to say that we think the amendments already agreed to should be incorporated in the bill—and in this the minister concurs. I suggest also that it should be noted as moved, as was done before, that the amount should be included in the estimates, and that the motion be recorded as lost on division. Just put it on the scroll, Mr. Chairman.

Mr. MACDONALD (Pictou): When the resolution in connection with this bill was before the committee, my hon. friend (Sir Henry Drayton) intimated that this was purely a political road and that it was being built for political purposes. My hon. friend must now admit that there was no ground for any such assertion; indeed, I should think he would be prepared frankly to take that position, even though he might believe he had reason to object on other grounds. But apparently my hon. friend is not disposed to take that course. I say this because the hon. gentleman was present in the Railway committee when his political friend, Colonel Cantley, showed conclusively the necessity for the construction of this road and declared that there could be no possible justification for the assertion that political matters were involved in it in any way. It seems to me that my hon. friend is not taking the proper attitude toward his political friend and associate, who has a knowledge of the local conditions. The situation in regard to this road is this: It has been approved of by every government since 1910—by the government of Sir Wilfrid Laurier, who provided for the construction of a portion of it in the estimates of 1911; by Hon. Mr. Cochrane, who is on record in Hansard in 1915 as approving of the road; by the board over which Mr. Hanna presided and of which Colonel Cantley was a member, which passed a resolution providing for the commencement of construction, the war, however, intervening. The new board presided over by Sir Henry Thornton again took up the matter and recommended to the government that in the programme of branch line construction which was necessary for the advancement of the interests of the railway and of the country this road should be included. I venture to say that that record of commendation and approval cannot be duplicated in regard to any one of the other branch line proposals before the House We are in a peculiar position in Nova Scotia. Prince Edward Island and Nova Scotia have only the Canadian National Railways to afford them means of transport to and from the other provinces. The adjacent province of New Brunswick has the Canadian Pacific and the Canadian National, to both of which those interested in advancing that province can resort with proposals for the construction of lines for the development of the province; and so also in Quebec, Ontario and the various western provinces. But in the province of Nova Scotia, and particularly the eastern part of Nova Scotia, we have natural conditions that are not equalled in any other part of this country, and there is no other railway company to which we can go for initiating development except the Canadian National. There is no use talking about the incorporation of smaller companies and the running of independent roads; that is not possible to-day; they could not be financed. So the Canadian National is the only railway that can deal with this situation. This country has entrusted to Sir Henry Thornton and his board the

task of deciding where railway development shall take place. and unless we are going to take their judgment, and more especially in regard to matters where it is supported and justified by the records of this House and the records of the railway department, we may as well not ask for advice on transportation matters from anybody. In this particular locality through which this road is to pass, we have a varied situation in regard to natural resources that is hard to duplicate anywhere in this country. Not only have we vast timber resources of both hard and soft wood, but mineral resources also have been proven to exist; we have iron, for instance, and the gold deposits of Guysborough county, from which large quantities of gold have been taken in the last twenty-five years. These gold deposits are not high-grade ore, but low-grade, and can only be treated by machinery which cannot be transported there at the present time on account of the utter lack of railway facilities. Then, in addition, we have inexhaustible fishery resources in eastern Nova Scotia, in reference to which Colonel Cantley explained to the committee that on account of the shortening of the distance, which would enable the fish to find a market in Montreal and the central portions of this country, one could hardly make a prediction so far as the development of future traffic was concerned which would be too rosy. So, that is the situation in regard to this road and I do submit that the proposition is one that is entitled to the sympathetic consideration and support of every member of the committee. I again reiterate. I am surprised and disappointed that my hon. friend the ex-Minister of Finance should take the position which he has done.

Sir HENRY DRAYTON: It is indeed a matter of great pain to me that I should at any time disappoint my hon. friend. I had really thought after hearing him in the midst of his usual diatribes that I never could disappoint him; I thought he had me outside of the corral altogether, as somebody that he had no hope in and no hope for. It is therefore pleasing to know that I have disappointed him, because that evidences the fact that some of the things I have said in the past he does not quite agree with. But I am afraid I shall have to go on giving the hon. gentleman pain.

I had hoped, Mr. Chairman, that we could get rid of this bill without further discussion. I wonder if I shall be able to answer the hon. gentleman without having the party press of the government say in the usual letter which they send out, as they did the other day, that I am obstructing; but I will take the chance of that, and direct a few remarks to the committee in answer to what has been said by the hon. gentleman. After all, there is some penalty paid by all of us when we make unnecessary remarks for Hansard for the purpose of local copy. Mr. Chairman, I am of the view that a responsibility rests upon this parliament—that may be all wrong but I am at least honest in that view—in connection with all matters of capital expenditure in connection with the railways We have not that responsibility in connection with the management. Our position always has been that the fullest, freest hand should be given the management in connection with all matters of management and operation, but that so far as new capital expenditures are concerned, parliament had to take the responsibility.

There is another thing which I also believe, and that is having regard to the deficits of the National system, the first thing we should do is to get those deficits down. Capital expenditures ought to be held within the narrowest possible limits. Now that may be a matter of treason in the minds of some gentlemen; I do not know; but that, at all events, is my view. There is a responsibility on parliament to do its best to see that capital expenditures are kept down. We all know that in connection with new lines—and I am not saying that no new lines should be built; we have already consented to an awful lot of them—it takes some time at least before such a line becomes profitable. Now Sir Henry Thornton was a witness in this case. I do not know whether my hon. friend heard it, or whether, if he heard it, he remembers it, but Sir Henry Thornton said that he thought it would be at least four years before this line could be self-sustaining; that is the view of Sir Henry Thornton himself. It is perfectly true also that while he believes there will be deficits on this line for four years to come, he thinks it ought to be built. That is a matter in connection with which every member of this House has a right to have his own opinion, whether it is wise to multiply lines that are not going to pay for four years, and multiply deficits at the same time. Every member of this House not only has the right, but the duty thrown on him to exercise his own judgment in connection with that matter, and therefore I venture to have a mind of my own. I offered, this afternoon, and I now repeat the offer, that so far as I am concerned, if the enactment which was recommended by the report of the royal commission in 1916 becomes the law—that none of these railways

ought to be built unless the Board of Railway Commissioners certify that their construction is necessary in the public interest—I am quite content to leave it at that. After all, that is only doing what is being done in the United States to-day. Railway companies there cannot build under their charters unless the Interstate Commerce Commission or the other commission in charge certifies that the building of the line is a necessity in the public interest. I do not think it is a good thing to build lines that are not going to pay for some years, and notwithstanding the appeal of my hon. friend I am going to stay of that opinion. I do not know whether my hon. friend wants me to go back over the old recommendations or not, but I may say that they were not recommendations in favour of this line. Why, one of the things Colonel Cantley said was, that he was very disappointed at the grades which were going to be followed upon this line. His desire was to cut out the bad grades on the old line, and to get this construction to a point where sixty cars could be drawn by one engine. That is the scheme the late Mr. Cochrane considered, but that recommendation is not one which would justify the building of this line as now proposed.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following:

Provided that the amount so to be guaranteed shall first be included in the estimates voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill, as amended, reported.

Mr. GRAHAM moved the third reading of the bill.

Sir HENRY DRAYTON: In order to suit my hon. friend's convenience I consent to the bill being read a third time now.

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

LOCKEPORT STATION—TOWN OF LOCKEPORT

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill 63, respecting the construction of a Canadian National Railway line between Lockeport Station and the town of Lockeport in the province of Nova Scotia.

5 p.m.

Motion agreed to, and the House went into committee, Mr. Gordon in the chair.

On section 1—Power to construct and complete line described in schedule.

Sir HENRY DRAYTON: Our position with respect to this bill is the same as in the case of the last bill, and we wish to adopt the same course of action.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

That the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line, the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill, as amended, reported.

Mr. SPEAKER: When shall the bill be read a third time?

Sir HENRY DRAYTON: In order especially to assist my hon. friend I consent to the bill being read a third time now.

Bill read the third time and passed.

CHINA CLAY BRANCH EXTENSION

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 64, respecting the construction of a Canadian National Railway line from the end of the China Clay branch to St. Remi d'Amherst, in the province of Quebec.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On section 1—Power to construct and complete line described in schedule.

Sir HENRY DRAYTON: When this bill was in committee, I pointed out to the minister that there was a question of a land grant tied up with it. The land grant was one authorised by the Quebec government and it would be earned as soon as ten miles of railway of this particular line were built. The Canadian National Railways have already built eight of these ten miles, and notwithstanding the fact that that construction was by the Canadian National, the promoters of the private bill have made a claim for that land grant. They cannot get it until these two additional miles are built. For them to get this land grant would be an absolute scandal, a theft practically of public domain, because these people would not have built a single mile of the railway as it was being built at the public expense. Nevertheless, that claim was put forward and persevered in, by reason of some defect, I understand, in the legislation. When I brought the matter to the attention of the minister, he said that he would look into it very carefully and that Mr. Ruel had it up. How does the matter stand now? Do we get the land grant, or has the claim of the private company to this land been withdrawn?

Mr. GRAHAM: I think whatever claim there was has not been withdrawn, but I have the assurance of the Canadian National Railway Company that these two miles will not be constructed until the matter is settled that the company that did not earn the land grant shall not get it.

Sir HENRY DRAYTON: How will that be secured? With what assurance will the National Railways be satisfied? There are only two things that can be done, and that is either to put something in this statute which will deal with the matter and prevent what really would be a first-class steal, as I see it, or have Quebec legislation getting rid of their present legislation. I do not see how any agreement with the Canadian National can very well discharge the Quebec legislation. Perhaps the minister will tell the House, so that it will appear as a matter of record, that if this line is built, any benefit arising out of its construction by way of land grant or otherwise from the province, will be taken by the Canadian National or the line will not be built.

[Mr. Graham.]

Mr. GRAHAM: To make the matter clear, it might be that the Quebec legislature would cancel that grant altogether. That being the case, there would be no benefit; but I can assure my hon. friends that this line will not be built until the Quebec legislature or some other authority makes it clear that the building of this line by the Canadian National will not enure to the benefit of a third party that may at the present time be technically entitled to it, but that in reality is not entitled to a cent.

Sir HENRY DRAYTON: Then the position is just the same as regards this bill.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

Provided that the amount so guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Sir HENRY DRAYTON: Do I understand that my hon. friend is requesting me to consent to waiving the rule? If he does so request, I have no objection to the bill being read a third time.

Mr. GRAHAM: With all humility I request it.

Sir HENRY DRAYTON: Then I do not object.

Mr. GRAHAM: I move that the bill be read the third time.

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

Some hon. MEMBERS: Carried.

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

COWICHAN BAY

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 34 respecting the construction of a Canadian National railway line to Cowichan Bay on Vancouver island.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On Section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by addding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line the words " in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

VANCOUVER ISLAND-MILE 100

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 35, respecting the construction of a Canadian National Railway line to Mile 100 on Vancouver island.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of" and after the word "showing" in the third line the words "in detail."

Section as amended agreed to.

Bill reported, read the third time and passed.

HANNA-WARDEN

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 44, respecting the construction of a Canadian National Railway line between Hanna and Warden, in the province of Alberta.

Motion agreed to, and the House went into committee, Mr. Gordon in the chair.

On section 2—Company may issue securities, and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

That the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word " during " in the first line the words " the first ten days of," and after the word " showing " in the third line, the words " in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

LOVERNA EXTENSION

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 45, respecting the construction of a Canadian National Railway line from Loverna westerly in the province of Alberta.

Motion agreed to, and the House went into committee, Mr. Gordon in the chair.

On section 2—Company may issue securities, and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

That the amunt so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line, the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

VICTORIA BEACH SUBDIVISION

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 62, respecting the construction of a Canadian National Railway line to Pine Falls in the province of Manitoba.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On section 1—Power to construct and complete line described in schedule.

Sir HENRY DRAYTON: Is this an extension of what is known as the Victoria Beach line?

Mr. GRAHAM: Yes.

Sir HENRY DRAYTON: Hon. members are aware that we have no stenographic reporters in the Railway committee. It was there pointed out that this line would not serve any agricultural country, and as a term of getting the bill through the committee the railway management undertook that the line would not be built unless a proposed pulp mill was constructed, because the resultant traffic was the only reason for building the line. I think we should have that understanding clear.

Mr. GRAHAM: My hon. friend has rightly stated what was agreed to in committee. My understanding is that this line was originally projected on account of traffic that would be received by the construction and operation of the pulp mill referred to, but it was thought that the line could be started at another point and so serve some agricultural country. However, those representing

[Mr. Graham.]

Mr. Ruel of the Canadian National assured the committee that if the proposed pulp mill were not constructed the line would not be built—under this bill at least.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line, the words "the first ten days of," and after the word "showing" in the third line, the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

DUNBLANE-MAWER

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 49, respecting the construction of a Canadian National Railway line between Dunblane and Mawer in the province of Saskatchewan (as amended, and recommending that the title be changed to "An Act respecting the construction of a Canadian National Railway line between Dunblane and Mawer or a point west thereof, in the province of Saskatchewan").

Motion agreed to and the House went into committee on the bill, Mr. Gordon in the chair.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days

of," and after the word "showing" in the third line, the words "in detail."

Amendment agreed to.

Section as amended agreed to.

On the schedule:

Mr. CARMICHAEL: I understand that if the Eston-White Bear line is built as proposed there will be three dead ends of Canadian National Railway line in this district. There is at present a line running from Dunblane down to Beechy. The original intention was to connect up the two ends at Beechy and White Bear, but this past season our competitor, the Canadian Pacific Railway, has been permitted to come in midway between White Bear and Beechy, thus blocking the prospect of closing up those two dead ends. This proposed line is intended to run from Mawer up to Dunblane and leave another dead end from Mawer to Riverhurst, thus leaving three dead ends of Canadian National Railway line with no prospect of their being connected up. I am not sure that the people in the vicinity of these three branch lines are satisfied with that method of procedure. The original intention was to cross the river due north at Riverhurst and connect up with the line that runs by way of Beechy, having the through line from Alsask by way of Eston, White Bear and Riverhurst down to Moose Jaw. I do not know whether or not the action of the Canadian Pacific in building there last year has changed that plan, but if so I would like to know why such action has been permitted and what the reasons are for diverting all around as is proposed.

Mr. GRAHAM: I was not in the committee, but the bill was amended in some respects after a full discussion in the committee. My hon. friend will notice that the committee recommended that the title be changed to "An Act respecting the construction of a Canadian National Railway line between Dunblane and Mawer or a point west thereof, in the province of Saskatchewan." I imagine that is to give the engineers some latitude as to where this line shall run. Of course I am only speaking from the point of view of the amendments made by the committee and the discussion that took place there.

Mr. CARMICHAEL: The provision for starting from a point further west than Mawer does not obviate the necessity for leaving three dead ends. That is the point that is objectionable.

Mr. GRAHAM: What would my hon. friend suggest?

Mr. CARMICHAEL: I suggest that the original plan should be carried out, namely, that the line should run from Riverhurst across the river, connecting up at Beechy and connecting up the two ends between Beechy and White Bear.

Mr. GRAHAM: I am afraid I cannot undertake to do that at present. The view of the committee would seem to have been expressed in the amendments as presented.

Mr. CARMICHAEL: I was assured that when these bills came before the Railway committee, members interested would have a chance to be present, but the committee met and the bills were put through before I had any knowledge of it.

Mr. GRAHAM: That point is not well taken. The meetings of the committee are always, in newspaper parlance, advertised in the Votes and Proceedings four or five days ahead, and I did not think it was necessary to notify each member of the committee individually, because the Votes and Proceedings are in his hand every morning.

Mr. LEWIS: I was in the committee at the time, and the chief engineer informed us that some years ago it was the original intention to do as suggested by the hon. member for Kindersley. There were practically under construction two lines, one from Dunblane to Beechy and one from Eston to White Bear, but at the time these lines were under construction the Canadian Pacific Railway construction was not under way. The chief engineer said that since the Canadian Pacific has practically dropped down in between these two lines. and has a charter running right practically between White Bear and Beechy, if the Canadian Pacific line were completed the Canadian National would never attempt to connect these two points, but at a later date they might make application for running rights over the constructed Canadian Pacific line. As far as a point westward in the amendment is concerned, it was not intended that the lines should go as far as Riverhurst, but to go as far in that direction as possible and still keep the present half of one per cent grade. I still feel that the people in the vicinity of this railway would much prefer that it should run to Riverhurst. and over the river to Beechy but the engineer informed us that it could not be done under a one per cent grade, and that with such a grade it would not be able to compete with the Canadian Pacific bringing coal from the west to Moose Jaw; that is the only point he raised. I have noticed, however, that there are many bills going through parliament at the present time providing for railways that

have a one per cent grade, and it is an admitted fact that from the river to Mawer there is a rise of 300 feet, and also from the river up to Dunblane. where this line intends to go. If economies can be made by wiping out the three dead ends as suggested by the hon. member for Kindersley you would get a much nearer route from Alsask to points east. I believe that this route would save not only a good many miles of construction, but also certain duplication. But if it is impossible for the Canadian National to run the line parallel to the Canadian Pacific between Beechy and White Bear, I do not wish to stop this line from going through, although I would much prefer the other route. I believe the Canadian National engineers intended to look this matter over again to see if economies can be made by taking this alternate route, and if so, I understand they intend to do so.

Schedule agreed to.

Bill as amended reported, read the third time and passed.

RADVILLE SOUTHERLY

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 54, respecting the construction of a Canadian National railway line from or near Radville, Bengough or Ritchie, in the province of Saskatchewan.

Motion agreed to, and the House went into committee, Mr. Gordon in the chair.

On section 1—Power to construct and complete line described in schedule.

Sir HENRY DRAYTON: When this bill was in committee I objected, and I only now speak because we had not any report of what went on in the committee, and I do not want to see a very grave error made in connection with the location of this railway. I pointed out that the construction from Radville would be extravagant, and would not serve the great mass of the people who very badly require a railway service in this territory. There was an amendment made to the bill in committee, adding to the description of the location "from or near Radville" the words "Bengough or Ritchie". If the line is built from Bengough, or indeed from Ritchie, and then runs south to a proper distance from the boundary line, about two townships, and then west, it will serve a large number of people in a very excellent farming territory who most grievously require the service at the present time. But on the other hand, if the construction is made from Radville the line must travel over a most difficult country, and will serve only a comparatively small pocket of people, and fail very much in doing the best that can be done with this construction of 115 miles. If the amendment made by the committee was carried out and the line constructed for 115 miles from Bengough, it would carry the construction to a point in the seventh range, completely serving the people who really require this service very, very much. I do not understand how the mistake was made of mentioning Radville in the first place instead of Bengough. I am quite sure the people of the whole district want the line built where it will do the most good. If the minister will accept the suggestion—I am not going to move it—it should be made clear now that this line will be built either from Bengough or Ritchie. That will give a good service to the people and save a great deal of money. The hon. member for Maple Creek has a most intimate knowledge of the whole of this country, and I am quite sure can corroborate what I say.

Mr. GRAHAM: This is one of the most contentious locations, I suppose, in the whole list. I was at the committee for a few minutes, and after I had left I heard the echoes of the discussion as to where this line should go. The committee, after hearing all the discussion, came to the conclusion that they would practically leave it in the hands of the engineers of the Canadian National to decide what was the best thing to do with this line. When the location of the line comes to the minister I shall probably hear all the discussion again. If I did not feel myself qualified to reach a decision after hearing this discussion I should hand the matter over to the Board of Railway Commissioners and let them say where the road should go.

Mr. McTAGGART: I do not wish to take up time in a lengthy discussion of this bill. The matter was gone into very fully before the railway committee and I have not much to add at this time except to say this: I am familiar with the country as the hon. member (Sir Henry Drayton) has stated. The statement of the hon. gentleman in summing up the situation is substantially correct. I am not a railway man but I give it as my opinion that if the railway is built from either Ritchie or Bengough it will serve more people and absorb much more tonnage than if built from Radville. I submit that if the management be not forced to build from Radville in a southerly and westerly direction but be given the opportunity, after making a thorough survey, to build from either Radville, or Ritchie, or Bengough it would be the most satisfactory solution of this ques-

tion. I understand that the survey which was made of this line from Radville south-westerly was really nothing more than a reconnaissance survey; and as a matter of fact the engineers of the National system know little of the tremendous difficulties they will encounter in that south country. As we have just reached the hour for 6 p.m. taking recess I shall not take up more time except to say while I feel convinced the line should be built from Ritchie or Bengough I am perfectly willing to leave the decision in the hands of the engineers of the National Railways, provided this decision is the result of a thorough investigation.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that the section be amended by adding after the word "during" in the first line the words "the first ten days of" and after the word "showing" in the third line the words "in detail".

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

ROUSSEAU-LAURENT

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 30, respecting the construction of a Canadian National Railway line between Rousseau and Laurent, in the province of Quebec.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding the following:

That the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line, the words "the first ten days of" and after the word "showing" in the third line, the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

LLOYDMINSTER, NORTH-WESTERLY FORTY-FIVE MILES

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee on Bill No. 46, respecting the construction of a Canadian National Railway line from Lloydminster in the province of Saskatchewan, north-westerly forty-five miles.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that section 2 be amended by adding thereto the following words:

Provided that the amount so to be guaranteed shall first be included in the estimates and voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 3—Certificates of minister as to mileage of said line of railway.

Mr. LEWIS: Before we proceed further with this bill, I might say that the hon. member who sits next to me saw that it was nearly six o'clock and he did not expect that this bill would be reached. He left at six o'clock, understanding that the House would rise at that time, and he wants to speak on this bill. It is hardly fair to go on in this way. I am not objecting, but I know that in the committee he asked me to send him a note if this bill was going on. I sent him a note, and when he saw that it was nearly six o'clock and there were two other bills ahead of this one, he went home.

Mr. GRAHAM: Does he want to make any changes?

Mr. LEWIS: I do not know. He wants to make some remarks about the bill.

Mr. GRAHAM: He can speak on the third reading and let us get it through committee.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of" and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

Bill reported.

MELFORT NORTHEASTERLY

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved that the House go into committee to consider Bill No. 40, respecting the construction of a Canadian National railway line to Mile 41 of the Melfort branch near Nipawin in the province of Saskatchewan (As amended, and recommending that the title be changed to "An Act respecting the construction of a Canadian National railway line either to Mile 41 near Nipawin or in a northeasterly direction to a point in Township 48, Range 13, west of the Second Meridian, in the province of Saskatchewan.")

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On section 1—Power to construct and complete line described in schedule.

Mr. KNOX: I should like to point out that the bill, as reprinted, has a mistake in the number of the township that was quoted—it should be 48—in the title and in the schedule.

The CHAIRMAN: That will be amended. It is an error in printing.

Section agreed to.

On section 2—Company may issue securities and Governor in Council may authorize guarantee thereof.

Sir HENRY DRAYTON moved that this section be amended by adding thereto the following words:

Provided that the amount so guaranteed shall first be included in the estimates voted by parliament for that purpose.

Amendment negatived on division.

Section agreed to.

On section 8—Statement to parliament annually.

Mr. GRAHAM moved that section 8 be amended by adding after the word "during" in the first line the words "the first ten days of," and after the word "showing" in the third line the words "in detail."

Amendment agreed to.

Section as amended agreed to.

On the schedule:

Mr. KNOX: Those who were in the committee will remember that this matter was discussed at some length, and it was pointed out that it was not wise to go to Nipawin at the present time, because the Canadian Pacific have a charter through there too and they are already building on that line. Some ten or twelve miles of the line that is specified in this bill would parallel, in fact duplicate the Canadian Pacific where they are building. I pointed out at that time that work was already going on there and that the people to the east were petitioning and sending delegates here to have this Ridgedale extension go in an easterly direction along the Carrot river. I think I convinced the committee that that was where it ought to go, but I found that I could not move in committee an amendment to change the substance of the bill; that that was a matter for the House to do. I wished to have the words "to Nipawin" deleted, but I was informed that that would have to come before the House. I understand it is the wish of the engineer to have this left in so that he may have a choice of routes, but the people who need the service cannot see the matter in that way. There is no request at all, I might say, by the people of Nipawin, to have the line continued to that point, because they are depending upon the Canadian Pacific who are already building in there. Here is a short extract from a letter which I read to the committee, from Mr. Raymond Courteau, of Zenon Park who has been writing to have the line run in an easterly direction. He says:

In further reference to the railway extension from Ridgedale, I beg to write and give a few more facts that we have learned lately. The Canadian Pacific railway has started work on its line to Nipawin from Tisdale, and gangs are employed at both ends now, men from our settlement have left to work on the line.

That was dated the 9th May. In the Saskatoon Star of May 10, there is an article which states that:

Three hundred men, two hundred teams and three machine graders are already in operation on this stretch of line.

I do not want to delay the House by reading this extract, but I would just like to point out that this article shows that the Canadian Pacific is intending to cross the

river at Nipawin and to continue on and give service to people who are settled on the north side of the river. It has been announced that the Canadian National does not intend to cross the river there. This is the concluding portion of the article:

This would place the Canadian Pacific in a strategic position to head for Hudson bay the moment competition and the exigencies of traffic force it to open the northern route to Europe.

I cannot say just what the Canadian Pacific has in view, but this was brought to my attention at the time and I thought I should point it out. The object we have in view is to give the people on the Carrot river service. The people of Nipawin are not asking for this and the other people are. I have no brief for the Canadian Pacific, but I have a brief for the people on the Carrot river who require this service. If the minister will give us some assurance that the matter will be taken into consideration I shall be satisfied. There is no doubt that the opinion of the committee was as I have stated, apart from the question of our power to make any alteration in the substance of the bill.

Mr. GRAHAM: These bills are based on resolutions and we cannot even in this committee amend them in such a way as to involve any question of expenditure. We can make amendments only in so far as we are assured that they will entail no increased cost. If we should change this bill in such a way as to increase the cost we should simply be obliged to drop the whole thing. I shall bring to the attention of the board my hon. friend's representations but that is all I can promise to do unless he wishes to drop the bill.

Mr. KNOX: I have no wish to drop the bill.

Sir HENRY DRAYTON: I think that if the minister would confer with the chairman the thing could easily be straightened out, because there is merely a mistake in printing. I am familiar with the character of the district and I think that the hon. member (Mr. Knox) is right. There were some things of which the engineers were not quite sure. The intention at first was to run pretty close to Carrot river, which is a very fertile district; but when the matter came before the committee again it was suggested by the engineers that there was too much water in that vicinity and that they would have to swing further south. The bill is all right except that we have the line swinging westerly instead of easterly.

Mr. CAHILL: The hon. member for Prince Albert wants to delete from the bill the word "Nipawin", but as I understand the matter, if that amendment is carried it will involve certain features that will destroy the bill. The engineer was not able to give an estimate of the cost of the line to township 48 and by leaving in the word "Nipawin" it makes it possible to construct to either point.

Mr. STEWART (Humboldt): The contention is not well founded. We had an amendment similar to this proposed in the bill for the construction of the Kelvington line, in which case we not only altered the direction but changed the destination. Nevertheless that bill passed the House.

Mr. KNOX: I merely wish to point out that we were informed in committee that such an amendment as is now proposed might be made in the House. I had been relying on that assurance—at least I so regarded it—and if the minister will promise to bring the matter to the attention of the officials I am prepared to let it go.

Mr. GRAHAM: I shall do so to-morrow.

Schedule agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF LABOUR

Hon. GEORGE P. GRAHAM: (Minister of Railways and Canals) moved that the House go into committee of Supply.

Motion agreed to and the House went into committee, Mr. Gordon in the Chair.

Labour—Administration, Technical Education Act, $3.000.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight-thirty o'clock.

International Labour Conference, $15,000.

Mr. STEVENS: I presume the minister is going to enlighten the committee on the proceedings of the International Labour Conference.

Hon. JAMES MURDOCK (Minister of Labour): The expenditure under this head arises out of section 13 of the Peace treaty. The 1924 conference will be held in Geneva, and if the minimum number of delegates from Canada is sent the amount will be more than sufficient to meet expenses. Canada is also a member of the governing body of the Inter-

national Labour Office, being one of the eight nations of chief industrial importance in the League of Nations, and the expense of sending representatives every three months to the meetings of the governing body, which are also held in Europe, usually at Geneva, is paid out of this vote.

Mr. LEADER: What was the expenditure last year?

Mr. MURDOCK: The expenditure last year was only $6,644.47, by reason of the fact that there was only one item on the agenda for discussion at the conference, that item being workmen's compensation, in which the provinces alone are interested. Therefore, only one federal government delegate was sent from Canada, and the Commissioner General at Paris acted as our other representative.

Mr. LEADER: The Auditor General's report gives the expenditure at $12,645.83.

Mr. MURDOCK: My hon. friend will recall that the Auditor General's report deals only with expenditures up to March 31, 1923. The expenditure for the last fiscal year is not yet before us.

Mr. LEADER: I notice in that report a living allowance of $15 a day is granted to delegates, and then there is this item:

David Carnegie, London, England, services, 20 days at $40 a day.

What is the explanation of this expenditure?

Mr. MURDOCK: Where a representative of or an adviser for the Canadian Manufacturers' Association or a representative of Labour attends these conferences the living allowance is $15 a day. Where persons other than officials of the Dominion government are asked to represent the government they are paid $40 per day.

Mr. WOODSWORTH: Is Labour given any opportunity of nominating the man who shall represent it?

Mr. MURDOCK: Section 389 of the Peace treaty provides that the representative of the employees shall be chosen from the organization chiefly representative of the work people, and it is claimed that the Trades and Labour Congress of Canada answers this description in respect to the work people of Canada; therefore under the previous government and under this government the congress has been deemed without question to be entitled to name the representative.

[Mr. Murdock.]

Mr. WOODSWORTH: The representative is or has been named by the Trades and Labour Congress?

Mr. MURDOCK: Yes.

Mr. STEVENS: Could the minister give the committee some indication of what was done at past conferences and what it is expected will result from these conferences in the future?

Mr. MURDOCK: As I stated a few moments ago, the item on the agenda last year was workmen's compensation. So far as Canada is concerned, that is a matter in which the provinces are specially interested, the federal government having no authority to deal with it. The results from these conferences are slow at times in becoming manifest in the form of social justice for the workers of the world as contemplated by the Peace treaty. There have not been as many ratifications of conventions emanating from the International Labour Office as have been desired by the director and officers of the International Labour Conference, but very many nations have taken action to deal with some of those conventions. These have been set out in detail from time to time in the Labour Gazette. The following brief summary may be of interest to my hon. friend:

A considerable increase is noted during the past year in the number of ratifications by various countries of the draft conventions adopted by the International Labour Conference (League of Nations) at its annual meetings. The Secretary-General of the League of Nations has been advised of 93 ratifications of draft conventions by various countries. At the beginning of 1923 the total number of ratifications recorded was 62. In addition to the 93 ratifications recorded by the League of Nations, 58 other ratifications have been authorized by the competent authority in different countries but have not yet been formally communicated. In 120 other cases ratification has also been recommended to the competent authority. Two hundred and seventy-eight legislative measures in all have been adopted, introduced, or prepared with a view to the application of conventions and recommendations of the International Labour Conference. The total number of measures taken to date looking to ratification and application of conventions and recommendations is 549.

Mr. ARTHURS: Are the subjects to be brought before the Labour Conference announced in advance of its meetings?

Mr. MURDOCK: Yes, usually many months in advance.

Mr. ARTHURS: That being so, what particular reason was there for sending delegates last year when the matter on the agenda was one over which this parliament has no jurisdiction?

Mr. MURDOCK: Because Canada being a member of the League of Nations holds membership in the International Labour Confer-

ence and on the governing body of that conference as one of the eight nations of chief industrial importance. Canada cannot delegate her authority to any or to all of the provinces. Therefore if the views of the provinces are to be heard at the conference it is necessary that they should be presented through a federal representative. That briefly, I think, is the reason that it appeared necessary for the federal government to be represented last year, for even although the matter to be considered was one within the exclusive jurisdiction of the provinces, it was of material concern to Canada as a whole. Mr. Chairman, I find I was in error in stating that workmen's compensation was the item on last year's agenda. I find the subject then discussed was "general principles for the organization of factory inspection."

Mr. SUTHERLAND: The minister has referred to work people. Whom would he define as work people?

Mr. MURDOCK: They are understood to be organizations of labour under section 389 of the Peace treaty.

Mr. SIMPSON: What recommendations of the International Labour Conference have been adopted by Canada?

Mr. MURDOCK: No recommendations have been adopted by Canada. There is a motion now on the order paper to deal with one that Canada has a right to deal with under the British North America Act, that is, the question of the employment of children at sea under the age of fourteen. Many of the matters which are the subject of recommendations by the International Labour Conference are matters of provincial and not of federal jurisdiction, therefore this House has to wait until the provinces indicate their desires in respect to them. When those desires are communicated to us we are only too glad to give the necessary ratification for Canada and pass along the convention, thus ratified, to the conference.

Mr. CALDWELL: Yesterday I asked the minister on another estimate about the matter of harvest excursions, and he said he had some correspondence he would bring down in regard to the request for excursions from New Brunswick.

Mr. MURDOCK: I had that for my hon. friend last night, but he was not here. The hon. member for Fort William and Rainy River (Mr. Manion) and the hon. member for Centre Winnipeg (Mr. Woodsworth) also asked for some information, and if the committee desires I will give that information now. The hon. member for Fort William and Rainy River inquired as to a comparison between wage rates in Canada and those in other countries. The Labour Gazette of November, 1923, contains an article, found on pages 1306 and 1307, concluding with a table which gives the figures that I think my hon. friend desires. If agreeable to the committee we could have it printed in Hansard, and I will just mention two or three of the rates showing the comparison.

Mr. MANION: I suggest that the minister take more than two or three. Take one branch of each of eight or nine lines of work.

Mr. MURDOCK: The occupations are divided into the following: Building trades, unskilled labour, engineering trades, furniture trades, printing and bookbinding trades, and then a comparison of all occupations. We will take the case of a mason. The index number, weighted, of comparative real wages, March-August, 1923, at London, is given as 100. The rate at Amsterdam will be 107; Berlin, 61; Brussels, 70; Christiania, 86; Madrid, 50; New York, 274; Ottawa, 217; Paris, 71; Prague, 63; Stockholm, 95; Vienna, 57; Warsaw, 79.

Mr. MANION: If I understood the minister correctly, he said that was the index figure of real wages?

Mr. MURDOCK: I will read a paragraph to show how this index figure is prepared:

> The figures were used, first of all, to ascertain for each occupation, the quantities of bread, meat, flour and so on, which could be purchased with the wages of 48 hours' work. It was found, for example, that the Berlin bricklayer's wage for 48 hours would purchase 390 lbs. of bread, or 123 lbs. of flour, or 10 lbs. of butter, or 227 eggs, and so on. The corresponding quantities purchasable with the wages of the London bricklayer were then taken as a basis and called 100.

Mr. MANION: The reason I mentioned the index number is because the hon. member for Red Deer (Mr. Speakman) followed my request with a request for the figures as to the cost of living. This combines the two; it combines wages with the cost of living, showing the real wages of the labourer or worker in the respective countries. That is exactly what I wanted.

Mr. FORKE: I do not think that is very clear. You have the index number for Prague, 63, and for New York, 274. Does that ratio bear a proper relation to the purchasing power of money in the respective countries? That is the information that the hon. member for Fort William and Rainy River wanted. I claim that it does not, by a long way.

Mr. MANION: I claim that it does, according to the figures given by the Minister of

Labour. I did not ask for it that way. What I asked the minister to give us—and what he has given is still better—was the wages in money. The member for Red Deer supplemented that, to check me up, I presume, by asking for the real wages, that is, their purchasing power. The minister has explained that the figure he gives is based upon the amount of food which can be purchased, rent, and so on, by 48 hours of work in each of these countries. No better judgment could be arrived at with respect to the real wages of a country, I should think, than that which is based upon the purchasing power of money, and that is exactly what we wish.

Mr. FORKE: But we have not exactly what it purchases.

Mr. MANION: The index figures are all based on the same line of work. It is not a question of money at all; it is food, rent and so on.

Mr. FORKE: I know that, but reading over those figures without having them tabulated before you, you cannot form any definite judgment of what the purchasing power of that money is. If my hon. friend can tell, I cannot.

Mr. MANION: They furnish it for us, we do not have to furnish it.

Mr. FORKE: Let us have it.

Mr. MURDOCK: This is prepared by the British Ministry of Labour.

Mr. STEVENS: If that is so it is bound to be correct.

Mr. MURDOCK: I suppose my hon. friend means that it is more correct than it would be if furnished by the Canadian Ministry of Labour.

Mr. STEVENS: The point raised by the hon. member for Brandon (Mr. Forke) is very important and it ought to be made perfectly clear. As I understand these figures, they do not represent money at all; they reduce the value of the wages and the cost of living to an index number. The figure 100 in London indicates the wage in London of a mason; the mason in Prague gets 63/100 of what the London mason gets, and the mason in Ottawa gets 217/100 of the wages of the London mason. Now, that comprehends purchasing power, cost of living and everything, so that we can clearly understand the relative value of these figures.

Mr. MURDOCK: My personal opinion is that the matter is so involved that one can get almost any argument he wants out of it.

[Mr. Manion.]

Mr. MANION: I do not agree with that at all. The minister stated that these figures had been made up by the Ministry of Labour in London, and we have no reason to discredit their ability to make up such figures. It is not a very difficult thing to do; any good accountant could do it. There may be a very minute variation from exactness, but generally speaking I should say that the figures are almost absolutely correct at the date given. I agree with the suggestion of the minister that he put the whole statement upon Hansard I do not wish to bring in any of the budget debate at the present moment, but I would point out in passing how well this illustrates the difficulty of producing in this country in comparison with other countries. It was for that reason I wanted the official figures put on Hansard. I think that any fair-minded man looking at them will realize the difficulties of producing in this country, whether on the farm or in the factory, as compared with other countries.

Mr. MURDOCK: I am not at all disposed to disagree with my hon. friend, but when he is considering that point I hope he will remember that the mason's wages I quoted for New York, 274, as compared with 217 in Canada, also provides food for thought in connection with the exodus of our skilled workmen from this country. Perhaps there is the lodestone that has helped to some extent to deplete Canada of its artisans.

Mr. MANION: That, and lack of work in this country, due to the fact that we are not producing as we should be in Canada.

Mr. FORKE: If the minister can tell me that the Canadian with his wages cannot purchase as much as the New York mason with his wages, I will admit that that may be the lodestone, but it is quite possible that the Canadian can purchase as much in Canada with his 217 as the New York man can purchase with his 274. I know my hon. friend from Rainy River has not very much patience with what I am saying, but I am not entirely convinced by the argument that has been put up. An hon. member whom I do not see in his seat at present, accused me the other night of a lack of penetration; he said it was difficult to penetrate my cranium, so I would be glad if the minister would put the official figures on Hansard so that I may have time to study them. Being in communication with the Old Country I know the conditions there, and I am not convinced that there is that much difference between living in the Old Country and living

in New York as the wages would indicate. There is more behind it than appears on the surface.

Mr. MURDOCK: I will take the first class in the engineering trades, for instance. The figures for a fitter are as follows:

London	100
Amsterdam	108
Berlin	57
Brussels	73
Christiania	104
Madrid	83
New York	162
Ottawa	196
Paris	58
Prague	54
Stockholm	79
Vienna	62
Warsaw	61

Mr. MANION: How is it that that higher figure in Canada than in New York does not keep our people at home?

Mr. MURDOCK: This is only one special class. I wanted to read it because I knew the hon. gentleman would be glad to hear that a fitter receives higher wages in Ottawa than in New York.

Mr. FORKE: The minister quoted 54 for Madrid or Prague. How does the man live at Prague or Madrid?

Mr. GRAHAM: He does not have any of what the hon. member for Portage la Prairie calls entertainments.

Mr. MANION: The index figure for China would probably be about 2.

Mr. MURDOCK: I will give the figures for unskilled labour:

London	100
Amsterdam	111
Berlin	71
Brussels	78
Christiania	136
Madrid	63
New York	150
Ottawa	173
Paris	64
Prague	65
Stockholm	95
Warsaw	62

My hon. friend will note that Ottawa is again higher than New York.

Mr. MANION: Would the minister put that whole statement on Hansard?

Mr. MURDOCK: Yes, with the permission of the House I will put on Hansard this article and table appearing on pages 1306 and 1307 of the Labour Gazette for November, 1923.

A Comparison of Real Wages in London and certain cities throughout the World, March-August, 1923

In the July issue of the British Ministry of Labour Gazette, there appeared an article giving the results of an inquiry into the purchasing power of wages for certain trades in terms of food in a number of the chief cities in various countries in March, 1923. In succeeding issues corresponding figures for the months April to August have been summarized.

The Minister of Labour secured figures as to the rates of wages for certain classes of labour and as to the retail prices of certain staple foods for March, 1923, from the governmental office, state or municipal, in each case, responsible for their collection, or from the published reports of such bodies. The method of computation was set forth as follows:

"The figures were used, first of all, to ascertain for each occupation, the quantities of bread, meat, flour, and so on, which could be purchased with the wages of 48 hours' work. It was found for example, that the Berlin bricklayer's wage for 48 hours would purchase 56 lbs. of bread, or 123 lbs. of flour, 16 lbs. of butter, or 227 eggs, and so on. The corresponding quantities purchasable with the wages of the London bricklayer were then taken as a basis and called 100, and a series of index numbers was computed, which showed, in respect of each article of food, taken separately, the relative purchasing power in London and in the foreign capitals under comparison, of the earnings of 48 hours in each occupation. In the case of the Berlin bricklayer referred to above, the numbers were found to be 88 for bread, 31 for flour, 26 for butter, 43 for eggs, as against 100 in each case for London."

The index number of real wages, or of the purchasing power of money wages, so calculated were then averaged, two tables being constructed and published the first being a table of simple arithmetical averages, in which no allowance was made for the relative importance of each article of food, using the proportions in working class family consumption in the United Kingdom. It is the latter table which is kept up to date month to month. No allowance was made, however, for the number of workmen in each trade in calculating the average. The significance of the figures thus obtained was interpreted as follows:

"It may be well perhaps to state with some emphasis that the index numbers shown afford no absolutely safe basis for conclusions as to differences in the general level of real wages even in the selected cities. For this purpose it would be necessary to secure wages data for a much larger number of occupations, including those in which women are largely employed. Still less can the figures be accepted as accurately reflecting differences in national real wage levels. The most that can be claimed for them is that they afford a rough indication of the differences that existed on or about 1st March, 1923, between the real-wage levels of the selected categories of typical urban male labour in the various capitals."

It is also pointed out in the article that for an accurate measurement of purchasing power of wages in the various countries, figures as to items other than food would be required, especially figures as to rent and clothing. Owing to the scarcity of houses in some cities and the restrictions imposed by law on rentals in some countries, the greatest divergence is known to exist in the rents. For instance, in Germany reports indicate that rent is a negligible quantity in working class expenditure, while is New York owing to high rentals, this item is very important in family expenditure. A comparison made from figures including rent, as well as food, would therefore, show the purchasing power of wages in Berlin somewhat higher than a comparison using food prices alone, and for New York, for instance, the reverse.

The accompanying table is the summary of the figures resulting from the investigation published in the July issue of the British Labour Gazette with the figures for all occupations for each month, April to August added. The changes in the figures from month to month are due to the changes in retail prices of foods as well as in the rates of wages.

INDEX NUMBERS (WEIGHTED) OF COMPARATIVE REAL WAGES, MARCH-AUGUST, 1923
(London=100)

Occupation	London	Amsterdam	Berlin	Brussels	Christiania	Madrid	New York	Ottawa	Paris	Prague	Stockholm	Vienna	Warsaw
March 1, 1923													
BUILDING TRADES:—													
Skilled:													
Mason	100	107	61	70	86	50	274	217	71	63	95	57	79
Bricklayer	100	107	61	70	86	50	274	217	71	63	95	57	79
Carpenter	100	107	61	76	82	56	247	179	71	63	95	60	....
Joiner	100	107	53	73	82	63	....	179	76	....	95	....	....
Plumber	100	116	54	64	80	52	242	200	70	....	86	....	....
Painter (General)	100	122	57	65	91	55	260	175	75	68	112	65	83
Unskilled:													
Labourer (General)	100	118	77	67	108	50	....	161	88	67	112	61	84
ENGINEERING TRADES:—													
Skilled:													
Fitter	100	108	57	73	104	83	162	196	58	54	79	62	61
Ironmoulder (Hand)	100	96	58	78	106	78	215	197	59	61	81	....	62
Patternmaker	100	101	53	95	97	78	197	210	54	....	74	....	57
Turner	100	108	57	79	104	77	152	196	58	57	79	67	61
Unskilled:													
Labourer	100	111	71	78	136	63	150	173	64	65	95	....	62
FURNITURE TRADES:—													
Skilled:													
Cabinetmaker	100	94	63	64	83	57	....	114	78	70	80	46	....
PRINTING AND BOOKBINDING TRADES:—													
Skilled:													
Compositor (Book and Job), Hand	100	85	45	57	79	55	242	167	63	....	77	42	108
" " Machine	100	88	45	58	73	78	....	155	....	91	78	....	141
Machine Minder	100	85	....	60	79	55	....	153	....	....	77	....	108
Bookbinder	100	92	45	51	92	45	184	175	63	82	75	37	117
ALL OCCUPATIONS	100	103	57	70	92	61	217	180	68	69	87	55	85
March 1, 1923													
ALL OCCUPATIONS:—													
April 1, 1923	100	102	57	70	93	....	209	174	....	68	85	....	101
May 1, 1923	100	99	....	65	86	58	....	182	....	67	83	43	98
June 1, 1923	100	100	....	64	87	62	....	182	87	67	84	47	96
July 1, 1923	100	99	....	62	90	62	....	186	88	65	86	50	76
August 1, 1923	100	100	....	57	94	66	....	183	86	77	88	....	97

Mr. SUTHERLAND: In view of the statement the minister has made that you can draw any deductions you wish from these figures, will he vouch for their reliability?

Mr. MURDOCK: I advised the committee that they were compiled by the British Ministry of Labour, and I presume that they are as nearly accurate as index figures can be.

Mr. SPEAKMAN: There is just one question I would like to ask. I think I understand the method of preparing index figures fairly well. Taking 100 in London, as the purchasing value of 48 hours' work, that is used as a basis of comparison with other countries. I notice the minister referred purely to foods, and I was wondering whether the purchasing power of the wages included all lines of necessaries, boots, shoes, textiles, and so on. I wondered if those figures he quoted applied in the same ratio to the full cost of living.

Mr. MURDOCK: I think the article itself, which will appear in full on Hansard, will clear up that point.

Mr. SPEAKMAN: I do not care what argument can be drawn from the figures; I simply wanted the facts as to what the figures included.

Mr. MURDOCK: My hon. friend from Carleton (Mr. Caldwell) made some inquiries yesterday as to harvest excursions being run from the Maritime provinces, and I intimated that the Labour department had found some diffidence on the part of the governments in the Maritime provinces in respect to having harvest excursions run from those parts during the harvest season, to take farm labour out to the Canadian west. Last year we again had this matter before us, and on June 21, I wrote the following letter to the Prime Minister of New Brunswick, a copy of which was also sent to the Prime Minister of Nova Scotia, and the Prime Minister of Prince Edward Island:

Ottawa, June 21, 1923.

The Honourable PETER J. VENIOT,
Prime Minister of New Brunswick,
Fredericton, N.B.

Dear Mr. Premier,

Crop reports from western Canada indicate at the present time the probability of an even larger yield of grain than the splendid results of last year's harvest, and it will be necessary within a very few weeks to give consideration to the matter of directing harvest workers from other parts of Canada to the prairie provinces for the harvest period. The need of the prairie province farmers for outside help will be for not less than thirty thousand and may even run to a considerably larger number.

As you are aware, it has been the practice of the railways to run excursions from the Maritime provinces, Quebec, and Ontario as far west as Sudbury, at very cheap rates for the purpose of assisting in the harvesting of the western crop. During the past three years very cheap rates have also been provided from the Pacific coast in order that all the available help in Canada might be pooled for the purpose of ensuring that the crop would be fully harvested.

The policy of running these excursions from certain sections of the Maritime provinces has not always met with the unanimous approval of all the interests affected, and there have on occasions been somewhat strong protests voiced against this policy. These protests, I think, have been based mainly on the ground that the excursions resulted in taking labour from the Maritime provinces to an extent which unduly depleted the provincial labour market.

As we shall in the very near future have to discuss with the railroads the subject of making adequate arrangements for providing the Prairie Provinces with labour sufficient to handle this year's crop, I should like to be advised as to your views with respect to the subject of the railways running excursions from your province, and I shall greatly appreciate your favour if you will write or wire me promptly stating the position of your government in this matter.

I feel sure that in determining your attitude upon this matter you will not fail to take into consideration the fact that the western crop is one of the fundamental and most valuable of our national assets and that the measure of our success or failure in the harvesting and handling of same reflects itself upon the general prosperity of Canada.

For your information I may say that I am forwarding an identical letter to the premiers of Nova Scotia and Prince Edward Island.

Yours very truly,
JAMES MURDOCK,
Minister of Labour.

To which Premier Veniot replied under date of July 5.

My dear Minister,

I am in receipt of yours of the 21st of June re the policy of excursions from certain sections of the Maritime provinces to the West, in order to help in the saving of the harvest and I note that you would like to be advised as to my views with respect to this matter.

In reply I beg to say that I have discussed the matter with my colleagues in the Executive Council and we are of the opinion that while it is necessary that labour should be procured to help save the harvest in the West, we do not think that it is fair to have an excursion with rates fixed the way they have been in the past, when the people of our province were induced to go west at a very low rate of travel, but in order to return home, had to pay more than for the trip to the West. We feel that if the same rate going would be given for the return trip, that less of our people would be liable to remain permanently in the West, as in many cases we have discovered that some had difficulty in raising sufficient funds to return home, notwithstanding that they desired to do so. Otherwise I see no objection.

This letter is signed by the Premier of New Brunswick. On July 10, I replied to the premier indicating that we would do what we could to ensure the same rate of return, and intimating to him that outside of that objection we understood that he was not opposed to the running of excursions from New Brunswick. Last year they were run from no further east than from Moncton to the West.

Mr. CALDWELL: You had no excursions from Nova Scotia points?

Mr. MURDOCK: No.

Mr. CALDWELL: I am pleased to have this information from the minister. I am somewhat surprised however that Mr. Veniot did not take the view that these excursions would be a very great injury to our farmers in New Brunswick. I am glad, however, to have this information, and to know that the Minister of Labour is not entirely to blame for these excursions. However, I should like to impress this on him and I trust he will not forget it—that the Premier of New Brunswick did not speak for the farmers of that province. There is no question about that, because our farmers in New Brunswick resent these excursions and have done so for years. We have never been able to get any satisfaction from anybody in regard to this matter; the correspondence read to-night is the first intimation that I have ever had that

anybody was ever consulted in New Brunswick. I should like to impress upon the minister just as strongly as I can the fact that it is very unfair to our farmers who hire their men by the summer for this special inducement to be held out to take the men to the West when they are so badly needed at home at that time of the year.

There was another point brought out by the hon. member for South Oxford (Mr. Sutherland) and it was this: These men come back in winter and we are not in such a situation as they are in Ontario: We have plenty of work for them in winter; our men are not at a loss for work at any time in New Brunswick; in fact, our lumbermen are anxious to have them before we are through with the harvest. We have no idle men in New Brunswick. There is plenty of work for them all the year around, and there is no necessity for taking them away when we can provide them with work and certainly need all the men we have.

In New Brunswick we are up against another situation for which, of course, we cannot blame our own government, only in so far as it is a fact that conditions are not as good in our own country as in Maine. I live in what is known as the potato belt, which includes part of New Brunswick and part of the state of Maine which territory is separated by an imaginary boundary line. The Maine farmer is able to purchase his fertilizer anywhere from $8 to $10 a ton cheaper than we can in New Brunswick. That will be overcome by putting fertilizers on the free list this year however. But due to the fact that the Maine farmer can get 50 cents per hundred pounds more for his potatoes than we can—because we have to pay a fine of that amount in order to get into his market—he has been able to pay higher wages than the New Brunswick farmers can afford to pay. There is another drain on our help in addition to the inducement held out to our men to go west. These are serious handicaps, and the wages question is a serious problem for us because we cannot afford to pay the wages that the Maine farmer can although we are compelled to do so. I have had to pay $6 and $7 a day to young fellows to dig potatoes, but a man will go to extreme lengths to save a perishable crop before the bad weather sets in. The circumstances I have outlined show the position of the potato growers in my section of New Brunswick.

Mr. MURDOCK: My hon. friend from Centre Winnipeg (Mr. Woodsworth) yesterday twice asked for certain information in regard to unemployment insurance. I did not have that information last evening but it is now at my disposal. It is a printed statement which is full of interesting details in the shape of an address given by Mr. T. W. Phillips, C.B., C.B.E., Principal Assistant Secretary, Ministry of Labour, on the subject of unemployment insurance at a conference of the League of Nations Union on March 26, 1924. With the permission of the committee I should like to have the statement appear in Hansard. It is as follows:

Address given by Mr. T. W. Phillips, C.B., C.B.E., (Principal Assistant Secretary, Ministry of Labour) on the subject of Unemployment Insurance at a Conference of the League of Nations Union on March 26th, 1924.

The subject for discussion this afternoon—Unemployment Insurance—is one which the pressure of events has brought very much before the public eye. Its fundamental principle is just the principle of mutual thrift—that something should be set aside for a rainy day and that the strong should help the weak. But when it comes to practical application all sorts of schemes are advocated. As we may very likely hear this afternoon, some support a national scheme common to all industries; others would have separate insurance for each industry, while yet others advocate local territorial schemes. Or again some would keep unemployment insurance strictly within its own sphere while others would combine with it provision against some or all of the other ills to which human flesh is heir.

I am going to confine myself to the working and principles of the National Unemployment Insurance Scheme in operation in this country. I do this the more readily because I am to be followed by Mr. J. L. Cohen and others, who are both better qualified than I am, and have a freer hand to discuss the wider aspects of the matter.

The Unemployment Insurance Scheme has, since November, 1920, covered practically all trades, except agriculture and private domestic service. It includes between 11 and 12 million workpeople. Benefit is paid after the first six days of unemployment and the weekly rates for adults are 15s. for men and 12s. for women, with an additional allowance of 5s. for a wife (or invalided husband) and 1s. for each young child. During the period of rather less than 3½ years since November, 1920, about £155,000,000 has been paid in benefit. The administrative expenses during the financial year 1923-24 have been between 8 and 9 per cent of the revenue.

There appears to be a wide-spread impression that unemployment benefit is paid out of the taxes. In point of fact, only one-fourth is contributed by the Exchequer. The remaining three-fourths is contributed by insured workpeople in employment in about equal shares.

The sum of 155 millions paid in benefit since November, 1920, together with the greater part of the cost of administration and certain other minor charges, has been raised in contributions during that period, with the exception of two items—a sum of £22,000,000 was taken over from the more limited Unemployment Insurance Scheme which existed before November, 1920, and there is at the present moment a loan advanced by the Treasury of between 10 and 11 millions, which has to be repaid and on which of course in the meantime interest is paid.

As the scheme is one of contributory insurance, one naturally expects to find the period of benefit limited in relation to the number of contributions paid by the individual making a claim. The act of 1920 con-

tained very definite limits of this kind. There was, first, a qualifying requirement of 12 contributions before any benefit could be paid; next, there was a limit of 15 weeks—subsequently increased to 26 weeks—on the period of benefit which could be drawn in a year; finally, and most important of all, the period of benefit could not exceed one week for every six contributions paid. Temporarily, in order to give some benefit immediately to new entrants into the scheme, these rules were relaxed to the extent of allowing eight weeks of benefit as soon as four contributions had been paid; but this was to apply only for one year, up to November, 1921.

The act of 1920 was passed in August of that year; it was a time of good trade and few people had any premonition of the troubles that were so soon to come. The act came into force in November. The trade depression had then begun to reveal itself. Unemployment rapidly increased in severity until, accentuated by the great coal dispute, it reached its highest point in June, 1921. Since that date there has been, in spite of ups and downs, a gradual improvement, but the level of unemployment even now remains very high.

The effect has been to alter the entire outlook of the Unemployment Insurance Scheme. One pair of figures will suffice to illustrate the crisis with which it has been faced. On the basis of pre-war experience, it had been estimated that the average of unemployment, taking good years and bad together, would be about 4 per cent; in the 3½ years since November, 1920, the average of unemployment has in fact been 12.1%, and its highest point was 17.9% or, if account is taken of short-time workers, something like 22%.

It might have been possible for the Unemployment Insurance Scheme to content itself with merely performing its contract. It might have limited itself to paying benefits strictly in accordance with the limitative conditions I have described. Had it done so, there is little doubt but that the contributions fixed in 1920 would have been sufficient and more than sufficient to provide the benefits.

But, however interesting and valuable this might have been as a demonstration of the financial soundness of the scheme, it would have failed lamentably in achieving the object for which unemployment insurance is designed, namely, that of paying unemployment benefit to insured persons genuinely unemployed. Two-thirds of the insured persons came into insurance in November, 1920. Under a rule that benefit should be limited to one week for every six contributions, it is obvious arithmetically that even those in constant employment would take some years to build up the right to any long period of benefit—and great numbers were far from being in constant employment, while many had no work at all and therefore could not qualify for any benefit.

In this state of affairs only one course was possible. The insurance benefits had to be extended. What was done was to add to the rights to benefit which I have described, and which have come to be known as covenanted benefit, a system of uncovenanted benefit granted over and above the benefit strictly due on account of contributions. Insured persons who had exhausted their covenanted rights, or who, in some cases, had not acquired such rights at all, were granted greatly increased periods of benefit on conditions which, broadly, amounted to this that they were genuine workers, able and willing to work, but unable to obtain work. Without going into tedious details, I may say that during the period of 137 weeks, from March, 1921 when uncovenanted benefit was first instituted, to October, 1923, benefit might in extreme cases be drawn for a total of as much as 110 weeks.

The finance of the act of 1920 made no provision for this extensive grant of uncovenanted benefit, and new money had, therefore, to be found. Three things were done. An accumulated balance of over £22,000,000, handed over from the earlier insurance scheme, was spent in benefit instead of being kept as a reserve. The weekly rates of contributions from employers and employed and the Exchequer were largely increased. Finally, power was taken to meet a defict by borrowing up to £30,000,000. I am happy to say, however, that the amount borrowed has not so far exceeded at its highest point about £17,000,000, and at the present moment it is under £11,000,000.

The great pressure of unemployment led also to the introduction of the special allowances, in addition to the ordinary rate of benefit, which are now paid to unemployed persons who have a wife or young children dependent on them. Like uncovenanted benefit these allowances formed no part of the scheme of 1920. They were instituted in the autumn of 1921 as a temporary scheme for six months, with the object of doing something additional during that winter to relieve the distress among unemployed workpeople with families. When the six months came to an end, the allowances were continued and they now form in all probability a permanent part of the unemployment benefits.

In any system of unemployment benefit the chief danger of abuse comes from those—happily only a small proportion of the total number—who try to come on benefit when they might have stayed at work, or might get work, on reasonable terms. At the same time, it is clear that the insured person cannot be required to stay in any kind of job, or accept any kind of job, regardless of the circumstances, under penalty of being refused benefit. The rules of the Unemployment Insurance Scheme in this connection will serve to illustrate the general principles which have to be applied.

A claimant may be disqualified for benefit owing to the reason why he left his last employment or because there is some other suitable job open to him which he refuses to accept.

The disqualification on account of the reason for leaving employment may arise in one of three ways.

The claimant for benefit may have been discharged from his employment owing to his own fault, and if the circumstances amount to what is technically called "misconduct", he loses his benefit. The precise limits of what would or would not be held to be misconduct for this purpose cannot be shortly defined, but among the commonest classes of cases are continual bad time-keeping, breach of workshop rules, or refusal to obey orders.

Or he may have left his employment "voluntarily without just cause". This again cannot be briefly defined but the effect is broadly to disqualify for benefit anyone who throws up his employment without some adequate reason.

Or finally he may have lost his employment owing to a stoppage of work due to a trade dispute at the establishment at which he was last employed. This particular disqualification has given rise to a great deal of controversy. The rule as laid down in the Unemployment Insurance Scheme is that all the workpeople at the works at which a trade dispute occurs are disqualified for benefit, and it is quite immaterial whether or not they are themselves taking part in the dispute. On the other hand, workpeople in other works are not disqualified even though thrown out as a direct consequence of the dispute, as, for example, they were on a vast scale during the great coal dispute of 1921.

Trade unionists object strenuously to this rule because it deprives non-combatants of benefit. In other quarters there is equally strenuous objection to any change, the argument being that if non-combatants are admitted to benefit, the door would be opened to collusive arrangements under which the stoppage of

a few "key" men would bring a whole works to a standstill and all except the few key men would draw benefit during the stoppage.

Let us suppose, however, that the claimant for benefit has escaped these disqualifications and that he can show a clean sheet as regards the circumstances in which he lost his employment. He cannot go on drawing benefit if there is some other suitable work which he might get. Rules have, therefore, to be laid down for deciding what work he can refuse and what he cannot refuse without danger of forfeiting his benefit.

The first of these rules can be stated quite shortly. A person drawing benefit is not bound to take a job vacant owing to a stoppage due to a trade dispute—in other words he does not forfeit his benefit if he refuses to be a "blackleg".

There are other and more complicated rules with regard to the rates of pay and conditions of employment necessary to constitute suitable employment for a claimant who is entitled to covenanted benefit. If the employment is in the claimant's own district, the standard is ordinarily that of the employment last ordinarily followed by him. If in another district, the wages and conditions have to be those agreed upon between employers and employed, or, in the absence of such agreement, those ordinarily observed by good employers in that district.

In the case of uncovenanted benefit there is a more onerous requirement; persons drawing uncovenanted benefit must be willing to accept any work, on fair terms and conditions, which they are reasonably capable of performing.

This latter requirement serves to indicate a gradation in the severity of the rules which to some extent can be traced also within the limits of covenanted benefit. I may perhaps put the matter in this way. When men or women first fall out of work, after a considerable spell of steady employment and payment of contributions, it is reasonable that for a period they should be allowed to hold out for a job in their own district with wages and conditions approximately equal to those in their last job. The length of the period must of course depend upon a good many circumstances,—the degree of specialised skill, age, family circumstances, the likelihood of a good post becoming vacant and so forth. But after a time, longer or shorter according to circumstances, it begins to be necessary to consider less attractive jobs, or, it may be, taking a job in another district, even if this means in the case of a married man, living in lodgings and keeping up a separate home for wife and children. For men and women in skilled trades, however, it is rarely, if ever, the case that so long as they remain entitled to covenanted benefit they can be required to accept a job outside their own trade.

If covenanted benefit has been exhausted it may pretty safely be assumed that the claimant has not recently been in steady employment. It is not unreasonable, therefore, to make it a rule for uncovenanted benefit that any job, on fair terms and conditions, which the claimant can perform, must be accepted. I should point out, however, that this rule, while it expresses a perfectly proper requirement and is useful in a certain number of cases, does not admit of practical application to any great extent in present circumstances. The hard fact is that owing to the almost universal unemployment nearly every post which becomes vacant could be filled at once several times over from the list of applicants with skill or experience in the same class of work, so that there is seldom need or opportunity to use the vacancy for testing the bona fides of anyone else. If the vacancy cannot be filled, it is almost certainly because some special skill or experience is required, and here again there is no opportunity to use the vacancy as a test.

The practical effect of rules and conditions depends very largely on the machinery for deciding whether they are complied with. It will be appropriate, therefore, if at this point I say a word or two about this machinery. An important distinction has to be drawn between covenanted and uncovenanted benefit.

Covenanted benefit is something which the insured person can claim as of right, if he is qualified for it; if his claim is refused and he is dissatisfied with the refusal, he can appeal to certain quasi-judicial tribunals, over whose decisions the minister has no control.

The decision in the first instance is given by the insurance officer. The claimant or, in certain cases, an Association to which he belongs can appeal against a disallowance of benefit to a Court of Referees, which sits locally and consists of an independent chairman, a representative of employers and a representative of workpeople. From the Court of Referees there is a further right of appeal to the umpire, which may be exercised by the department, by the association to which the claimant belongs, or, if the Court of Referees gives leave, by the claimant personally. The decision of the umpire is final and conclusive, and his decisions, naturally, are followed by the insurance officer and Court of Referees in other similar cases. On the basis of the umpire's decisions a large body of case-law has gradually been built up, dealing with a great variety of points in connection with claims to benefit.

Uncovenanted benefit is not a matter of entitlement Certain qualifying conditions are, it is true, laid down by the acts; but even in the case of persons who come within these conditions it rests in the discretion of the minister to grant or refuse uncovenanted benefit, and the guiding rule for him is that before he grants uncovenanted benefit he must be satisfied that it is expedient in the public interest to do so.

In practice, even in the case of uncovenanted benefit, claims are referred to the insurance officer, Court of Referees and the umpire if the point to be settled is one which is common to covenanted and uncovenanted benefit, as for example whether the claimant lost his last employment owing to misconduct or a trade dispute.

In general, however, the question whether uncovenanted benefit should be allowed or refused is dealt with by the local employment committees, which also carry out from time to time a scrutiny of claims to uncovenanted benefit or of such of those as seem to be of doubtful validity.

The local employment committees are unpaid advisory bodies formed in connection with the employment exchanges. The majority of the members of each committee are representatives of employers' and workpeople's organizations in equal numbers. In dealing with claims to uncovenanted benefit, the members of the committee are in effect acting on behalf of the general body of contributors among employers and employed whose interests they are appointed to represent. Usually, the work is done through a small rota committee of about three members, which interview the claimants personally and are thus able to form a much better opinion as to the genuineness of a claim than would be possible from mere paper records. The volume of work done by these rotas is immense—during the year, 1923, for example, they dealt with something like ¾ million cases.

Strictly speaking, the committees do not give decisions. What they do is to make recommendations to the minister. Actually, however, their recommendations are nearly always put into effect, and in the small minority of cases where their recommendations are not at once adopted, the practice is to refer the claims back to them for further consideration.

The machinery for paying out the benefit is in general the employment exchange. It will be clear from what I have said that the work of dealing with claims to benefit is by no means simple and easy. The claim itself has first to be taken, with

all necessary particulars; the reason why the claimant lost his employment has to be found out from the last employer; the state of the claimant's contribution account has to be ascertained from the central records in London; if necessary, the claim has to be put before the local employment committee; evidence of continued unemployment has to be taken periodically from the claimant by means of signature of the unemployed register; every effort has to be made to offer any suitable opportunity of work which may be within the knowledge of the exchange; and each week, all the varying amounts of benefit due, sometimes running into tens of thousands and amounting to many thousands of pounds have to be calculated and paid.

The employment exchange, however, is not the only agency for paying out benefit under the state scheme. A number of associations of workpeople—principally trade unions—which pay unemployment benefit out of their own funds, make arrangements with the department to pay out the state benefit also. They are subsequently repaid by the department the amount of state benefit disbursed, together with a sum for administrative expense.

These arrangements do not in practice relieve the department of any appreciable amount of work or expense; but they are valuable because they secure close co-operation with associations which in many cases have considerable experience in the payment of unemployment benefit and usually have ready means of checking fraud or abuse. It is regretable that a number of associations have had to discontinue their arrangements, principally because the long continuance of severe unemployment makes it impossible for them for the time being to provide benefit in addition to the state benefit, out of their own funds—this being an essential requirement before an arrangement can be sanctioned.

At the present time the number of associations having arrangements is 142 with a total membership of 1,006,640; of these 120 with a total membership of 937,596 are trade unions. Approximately 7.01 per cent of the weekly benefit is paid through these associations.

Another and quite different agency for paying benefit has come into the field very recently. Under an act passed last year, local education authorities in England and Wales are authorized to administer unemployment benefit for boys and girls up to the age of 18, and indeed are bound to do so if they wish to exercise what is called choice of employment powers, that is, advising and guiding boys and girls in the choice of employment. It is not yet possible to say what proportion of local education authorities will decide to exercise these powers but it is likely that a considerable number will do so. Any authority which does exercise the powers will in effect have to set up an exchange or exchanges to deal with boys and girls up to 18, and will deal with claims to benefit from these boys and girls exactly as the employment exchange now does.

Before coming to a close I should like to refer to two of the criticisms directed against the unemployment insurance scheme.

The first is the criticism that the payment of unemployment benefit is demoralizing.

What is sometimes meant is that it is much better for men and women to be at work rather than be unemployed and draw benefit. We should all agree with that. But it is not a fair criticism of unemployment insurance which does not claim and has never claimed that it can find work for the unemployed—what it does is to provide benefit for those who are unemployed. And, in fact, it is a task of extreme difficulty to create work for any large number of those for whom there is no work in their ordinary avocation. Heroic efforts have been made by successive governments to get work put in hand to relieve unemployment and a great deal has been done. But the difficulties are enormous and the result so far has been to absorb no more than a small proportion of the unemployed.

Commonly, however, the meaning of the criticism that unemployment benefit is demoralizing is that those drawing benefit could get work if they liked. For after all it is the unemployment and not the benefit which is demoralizing, and hardly any one would seriously object to paying a reasonable sum in benefit to those who are genuinely unable to get work.

I believe, however, that a close examination of the facts will convince any unprejudiced person that there is little or no foundation for this particular criticism. I am not going to be so foolish as to say that among the millions who claim benefit are not a few malingerers who may have succeeded in slipping through the meshes. But, taking the matter broadly—and particularly if we look at the great manufacturing and seaport towns of this country—the plain fact is that there has been no work of any kind or at any price for the great majority of those who have been unemployed.

I am convinced that, in all but a negligible number of cases, the rules and machinery I have described, and above all the close scrutiny by the local employment committees, have eliminated those who are not genuinely trying to get work.

Let me illustrate the position by giving a few figures from an analysis of 10,000 claims made last November. This analysis was made in such a way that the results can pretty safely be accepted as typical of the whole number. The figures show that two-thirds of the males drawing benefit and nearly three-quarters of the females were persons who in normal times would usually be in steady employment, while if those who would in normal times be fairly well employed are added these proportions become nearly 90 per cent. At the other end of the scale are the persons classified as "verging on the unemployable." These amounted only to 3.6 per cent for males, and 2 per cent for females, and consisted for the most part of elderly workpeople who in the past had not infrequently been for many years in pretty constant employment. These figures be it noted, are proportions of the numbers drawing benefit; if the number classified as "verging on the unemployable" were taken as a proportion of the whole number of insured persons, the figure would be a fraction of one per cent.

Certain other figures of great interest can be given for the period from October, 1922, to October, 1923. During that period there were on the average about 1,000,000 persons claiming benefit each week. It is sometimes thought that this means that there are a million individuals or something like that number who remain continuously unemployed and on the books. The actual fact is very different. The individuals on the books are continually changing. Anything up to 150,000 come on each week and about the same number go off, so that there may be during one week a change-over of as many as 300,000 individuals or even more. In all, about 3¾ million different individuals made claims during the period referred to. Of these 13 per cent drew no benefit at all, usually because they were not unemployed on any one occasion for as much as six days. More than a quarter drew benefit for a fortnight or less, while one-half drew eight weeks or less. The maximum period of benefit which could be drawn was 44 weeks and the total number who drew this was about 170,000, of whom all but about 6 or 7 thousand were men.

The second line of criticism on which I would like to say a final word is more acutely conceived. I have known it argued somewhat paradoxically that the Unemployment Insurance Scheme has been too successful, that it has been a mere palliative, that it has dulled the symptoms of unemployment and so made it possible to avoid a cure.

Let me admit at once that unemployment benefit has been a palliative, but a very necessary one. It is not too much to say that the provision of benefit has saved this country from an upheaval, the consequences of which might easily have been disastrous. Even as it is great numbers have suffered and are suffering severe privation and hardship. But it is probable that the total burden of distress and suffering has been lighter than it was in past years when unemployment was less pronounced and of far shorter duration.

When it is contended therefore, that the unemployment insurance scheme has prevented a remedy for unemployment from being found, I think rather less than justice is done to a valuable specific for this terrible disease of modern industrial organization. I am not going to attempt any answer to the question whether there is a remedy—that is a question of political therapeutics on which there is room for much discussion and for more than one opinion. One thing, however, is certain. The immediate cause of our great and long-continued unemployment is the failure of foreign trade. Until that revives, there is little likelihood that the industrial population of this country, organized and distributed as it now is, can again be restored to full employment.

Mr. SUTHERLAND: The minister has just given us some information in regard to the operation of the farmers' harvester excusions. Now, last night I asked whether he had any influence in arranging for the rates which were given, and I believe he said, No. Yet, from the statement which he presented a few minutes ago he has been writing to the Premier of New Brunswick with a view to arranging this matter. I should assume from the minister's remarks that he has had something to do with these excursions. What I want to emphasize—and it is the very matter that the Premier of New Brunswick emphasizes—is the fact that it was the habit for a good many years to grant a very low rate to these people to go out to the West. When the work in the West was completed many of them had enough money to pay their fare back but had no means when they arrived here. The consequence is that by charging for return fare a rate almost double the fare to the West many of these people congregate in the large centres of Ontario and the local authorities have to maintain them during the winter. This is a very serious matter. We have had professional harvesters in this country who do nothing else but go out west during the harvest time to harvest. We have had them parading around Toronto and even coming down to Ottawa. Some men came from the Old Country to harvest the western crop last year and who apparently have done nothing since the crop was harvested but reflect on the industrial conditions in this country. Because they have been very assiduous in scattering broadcast throughout the Old Country reports that there are thousands of men out of employment in Canada. We cannot get these men to do anything else but harvesting no matter what work you offer them, and I was glad to see the ringleader was sentenced to six months in gaol last week.

Mr. MURDOCK: My hon. friend yesterday asked:

Does the minister exercise control over the rates?

My answer was "Not at all," and it may be possible I gave my hon. friend a wrong impression. As a matter of fact the Labour department does negotiate with the railways on two questions that affect the railway rates. One is the question of securing a continued rate for the removal of surplus unemployed labour from one province to another. Under the arrangement that we have had since I have been in the department, although it is made to run for a few months at a time usually and then is re-instituted as from the date of expiration, that rate is 2.70 cents per mile for the removal of surplus labour from one province to another, with a minimum of four dollars. In other words, the 2.70 cent rate would apply when the reduced rate ticket is four dollars or more. I realize fully that we are in a very favourable position to be criticized by the farmers of the Maritime provinces of Ontario as regards these harvest excursions, while on the other hand, our good friends from the western provinces want to get all the assistance that the Labour department can give them in times of stress to ensure a proper supply of labour to harvest the western grain crops. So, officers of the department do make certain representations to the passenger departments of the railways in regard to the rates both from the Pacific coast to the prairie provinces on certain occasions and from the Maritime provinces or Quebec or Ontario to the West. We do not exercise control. We only make representations for a rate that will meet the purpose desired, and offer encouragement to the young men to go to the West and help with the harvest. We do not want, of course, to deplete the farms of New Brunswick or Nova Scotia or Ontario or Quebec, but we are between two fires, as it were, and the department wants to be as helpful as possible in the matter.

Mr. CALDWELL: We shall have to make our fire a little hotter.

Mr. SUTHERLAND: Does the minister think it fair that after these men are taken out to the West, they should be charged to come back nearly double the railway rates that they were charged going West, and realizing that there is no work for them when they come here, to land them stranded in these old provinces where they will have to be maintained by the cities? Does the minister think it fair that they should be charged these exorbitant rates coming back?

Mr. FORKE: In the great majority of cases there is no such happening as that pictured by my hon. friend (Mr. Sutherland). The average harvester last year was getting six dollars a day for harvesting and he did not need to work many days to earn enough to take him home. That sort of talk is absurd. I do not impute any absurdity to the hon. member's statement because I know he is talking candidly.

Mr. SUTHERLAND: How long does the harvest last in the West or any other part?

Mr. FORKE: Six weeks, or probably two months, sometimes longer. I have seen the harvest last for three months. I have paid as much as $350 to $400 to one man for harvesting and threshing. Two-thirds of the harvesters who come West come from Toronto, Montreal and other big cities. We do not get many men from the farms.

Mr. SUTHERLAND: Yes, you do.

Mr. FORKE: I cannot get them anyway. Two-thirds of these men would not be of any use to the farmers of Ontario. They come from the cities out West for the wages, and we have to board them for nine or ten days before they are of any use. We have to feed them a little before they can do any work on the farms. All this story about not being able to get enough money to come back is just so much moonshine.

Mr. MURDOCK: The rate in 1922 from Moncton to Winnipeg was twenty dollars, while the return rate from Winnipeg to St. John or Moncton was twenty-five dollars. I think that is about a fair comparison with what the rate usually is. I should like to ask the hon. member for South Oxford (Mr. Sutherland) what he would think we should do when we receive a telegram sent on July 17 when the harvest is just commencing, and reading as follows:

> Meeting this morning confidential statement will be prepared for press Manitoba requires fifteen Saskatchewan thirty-three and Alberta thirteen thousand harvesters three thousand available locally each province first excursion for Manitoba to arrive August seventh Saskatchewan and Alberta August fifteenth wages probably three fifty for stooking and four dollars for threshing. Meeting later of railroad officials to consider points your wire fourteenth result to be announced later.

In other words, pressure was being brought to bear upon the Labour department and the Director of the Employment Service to do something. We could not, under those circumstances, decline to do what might be possible to assist the West, even though, by so doing and without personal knowledge, we may have helped to deplete somewhat labour in the Maritime provinces or Ontario or Quebec.

Mr. CALDWELL: I notice the minister said that no excursions ran from Nova Scotia or Prince Edward Island. What was the tenor of the reply from the premier of those two provinces last year? Did they object and was that why they did not run the excursions?

Mr. MURDOCK: The Premier of Nova Scotia on July 17 wrote this letter:

> Referring to your letter to me of the 21st ult., asking for an expression of opinion as to the advisability of advertising railway excursions from the Maritime provinces for harvesters, I beg to advise that as far as I was able, I consulted with my colleagues and others, and it was the consensus of opinion that it would not be desirable to make any special efforts to attract harvesters from Nova Scotia. This opinion would cover your desire to be advised as to my views upon railways running excursions from Nova Scotia.

We got a similar reply from Prince Edward Island.

Mr. CHURCH: Some of the larger municipalities have grievances about the way in which they have been treated as regards these harvester excursions and the way those known as British harvesters were used. In my opinion, the British harvesters did not get a fair deal from the Labour department. They were brought out here by railway and transportation companies. They went out West, did their work, and when they came back to the large city of Toronto seeking work and finding none they came down to interview the government, but they were all sent back to Toronto. The city of Toronto wishes to protest against this to-night. It is a dumping ground after the harvest is over, for a large portion of the unskilled harvest labour that comes from the West. Dear knows, we have, unfortunately, owing to many industrial troubles in that city, enough men of our own out of work without being made the dumping ground for the whole of Canada. As regards some of the men that came down to interview the government, it was said by some ministers that the men did not want to go to

work. To show that that is not the case, three of these men took jobs at snow cleaning at Mimico and three of them were killed there in the yards of the Canadian National Railways, where they were getting the mean wage of fifteen to twenty-five cents an hour shovelling snow. I protest against the way in which these British harvesters were used. I do not say that the government is altogether responsible for this because I think part of the fault belongs to the transportation companies; but I urge upon the government that if these men are brought out, they should not be brought out in September, October, November, December and January when there is practically no work, and people are out of employment. There should be a closed season for immigration in winter as in some of the larger municipalities we shall have to go back perhaps next winter to the dole system. The way these British harvesters were used was bad advertising for Canada in the Old Country. In connection with immigration agents, I do not say that the Minister of Labour is to blame for this particular case, because this may not come under his department, but in immigration matters and in bringing men to Canada there should be co-operation between the federal, provincial and municipal authorities on immigration matters in general. The cities and municipalities all have their own labour troubles to contend with and in winter, by reason of natural conditions arising in their own limits, they have enough unemployment to take care of without having men who are imported from outside dumped upon them and left to depend upon charity. Many of these men who are brought into this country from the Old Land and left to shift for themselves in our cities in winter have wives and children depending upon them. and some of them are men who have fought for the flag. This sort of thing gives this country a black eye and something should be done to remedy the situation. This matter may not come within the minister's department, but I would suggest that, this notwithstanding, he urge upon his colleagues to do something in the way of co-operation with the Old Country authorities, the transportation companies, the provincial governments and the municipalities, with a view of having some joint satisfactory arrangement arrived at to check this work up. The larger municipalities are protesting; as I say, they have men of their own to look after in the winter. The minister has made the statement that unemployment was not so bad; personally, I have never known it to be as bad as it was during the last winter. Many of the industries are closed altogether and 50 per cent of them are running only 25 to 30 per cent of their time. The government, I submit, can exercise control, through the Railway Commission, over the transportation situation, and in my opinion the damage done to these men should be collected from these companies. These men have been brought out to this country under false pretences: they were told that there was plenty of work for them on the farms in the summer and that in the winter they could get jobs in the cities. The British Welcome League in Toronto had to be reformed to help these poor men, give them accommodation and house and feed them. I cannot over-emphasize the mistake that was made in bringing these people to Canada in the first instance; and if the government did not enter into any contract with them, then the least they should do is to find out who did, and bring the parties or companies to time. As a result of this misrepresentation these unfortunate men have been stranded in this country. I do not say that the Minister of Labour is to blame; indeed, I believe he has done what he could himself to remedy things. I would suggest that during certain winter and semi-winter months there should be no immigration; there should be a sort of closed season for immigration. At all events, I think it is highly improper that men should be brought into this country in the depth of winter and then abandoned and left to shift for themselves with their families and ill fed children as a result of the misrepresentation of immigration agents and the greed of transportation companies. It was a bad advertisement for Canada in the Old Land the way our kith and kin, many of them returned soldiers, were used in this unfortunate British harvester episode.

Mr. HOCKEN: The government of this country brings out a number of harvesters who are an asset to the West while the harvest is on. They are brought for that purpose and they render a certain service. They are well paid, of course, but I presume that those who pay them believe that they are getting value.

An hon. MEMBER: No, sir.

Mr. HOCKEN: An hon. gentleman says they do not get value. Why do the farmers employ these men, then? They are the best help that can be got, and are brought three thousand miles to be of service on hon. gentlemen's land. What I object to is that while these men are brought out to be an asset to the West, the moment they become

a liability they are dumped upon the cities of Winnipeg, Toronto, Hamilton and Montreal. I do not ask the farmers to keep them all the year, but I do say that the government that undertakes to bring men out in such large numbers for a specific purpose surely has some responsibility for their maintenance when their service has been rendered; at any rate, the government has a responsibility for providing for their return home. Why should the cities and towns have this liability imposed upon them such as they have had particularly in the past year and in previous years? It simply means that out of private charity hundreds and sometimes thousands of men have to be maintained throughout the winter period, and maintained by people who did not bring them out and who could not possibly derive any benefit from them. The residents of the cities are under the necessity of maintaining these men if they do not wish to see them die on their doorsteps. I say that the government that brings them out ought to find means by which they can be employed, or at least fed, when their services are no longer required and they become a liability. If they are to be a liability on any one, it should be the government that brought them out and not the municipalities who should be responsible for them. Surely it is not beyond the genius of this government, which is made up of geniuses, to formulate some plan whereby this burden may be removed from the shoulders of innocent people, who cannot benefit in any way by the presence of the unemployed, and placed, if not on the shoulders of those who have benefited from their labour, at least upon the nation as a whole. Certainly, no individual section of the country should be made to bear the brunt of this condition. I think the Minister of Labour might signalize his term of office by creating a great reputation, if he would devise a plan by which these people could be properly taken care of and not left as a burden on people who have had no part in bringing them out. I suggest to the minister that he take the matter up in council and see if there is not wit enough there to do something to relieve the situation, and take care of these men when unemployment is unavoidable. In a country such as Canada, with its rigorous climate, there must be always a good deal of unemployment in the winter, and the municipalities and such centres as Hamilton, London, Guelph and these other places, all have their troubles and their burdens in the shape of unemployment every year. That burden comes naturally in the care for their own men who have been employed in these cities during the period when outdoor work is possible. But there comes a time when for three or four or five months there is no outdoor work to be done: building operations cease, road work ceases and the many other forms of work that must be done in the open are closed down. I believe that every municipality is willing to take care of its natural liability in that regard, but I do think that any city or town has a perfect right to protest against being shouldered with the burden of caring for those who are not a part of its local liability. I hope the minister will think enough of my suggestion to take it up with the members of the government to see whether some plan cannot be worked out in co-operation with the provinces and perhaps with the municipalities. Certainly these people must be taken care of and at the present time the burden is forced upon those who have no responsibility whatever in regard to them. The matter should not rest there, and I am satisfied that something could be done to solve the problem. These people are here as a result of national activities and they should be taken care of by the nation.

Mr. WOODSWORTH: I want to endorse the position taken by the members for Toronto. The member for South Oxford (Mr. Sutherland) has said some very harsh things about one of the harvesters who was recently sentenced in Toronto. It seems to me that we should perhaps consider the circumstances of these men and ask ourselves whether our neglect of them has not led directly to some of these infractions of the law. I have in my hand a very interesting and illuminating document with regard to two young men who were sentenced in a British Columbia court for stealing a rifle. With your permission, Mr. Chairman, I will read the following notes made by the presiding county court judge with regard to one of the prisoners:

I came from Halifax, England; left England 8th June, 1923, in C.P.R. ship "Montcalm." The shipping agent, Mr. Crossley, represented to me that I would never be out of a job as he had been to Canada a number of times. I paid him about £19 for ticket from Halifax to Toronto. My parents paid this money and gave me some money—£5.

I went straight to Toronto and got rooms and looked for a job. I was offered $12 a week but found I could not live on this as I had to pay my keep out of this.

I then left Toronto by boat and sailed for four hours to Port Dalhousie and got work on lake boat. Sailed from Port Dalhousie on steamer "New York News" of Chicago Tribune Co. I worked for two months there. I got $55 and board. I left that boat for another called the "Dresser," the Keystone Line; there about three weeks. I went to Benny Siding in Ontario near Sudbury to cut wood; worked there a month.

I did not make any money cutting wood except enough to buy my working clothes.

I went back to Sudbury and then to a place named Burwash east of Sudbury; stayed a month there, then I came back and paid fare to Winnipeg; arrived there about middle of September. I could not make anything. I worked for my board and lodging in a candy manufacturer's; worked for about three months.

I went to the immigration office and complained. They told me they could do nothing for me except a job on a farm for $5 a month. So I came out and asked to get on the relief in Winnipeg but could only get on two days. Then I went back to the immigration officers and they took me in; I stayed there probably about a month and a half.

Mr. SALES: What season of the year was he offered the $5 a month job?

Mr. WOODSWORTH: About Christmas time.

Mr. SALES: Five dollars a month, and his board and lodgings?

Mr. WOODSWORTH: I suppose so.

Then a job came in for a 1,000 hands wanted for the bush in B.C. I heard these were to be used as strike breakers, so I asked at the immigration office from one of the permanent staff and he said there was no such thing as a strike in B.C.

Then 23 of us who were on the immigration relief signed up for B.C. We came to Wardner, B.C. and found a whole crowd of strikers waiting for us. They told us that the men were all out on strike and asked us not to go to work. Twenty-one of us never went to work but another and I talked it over and thought as the immigration office paid our fare out that we should go to work and pay this amount back, which we did. We worked a month in the bush $2.50 with board.

I left there and came down to Cranbrook and stayed in Cranbrook a few days. Then I met Gilbert and we decided to go to Trail and try and get work and on our way we got in this trouble. I had no money for two days. We went into this house to try and get something to eat and as we had no money we took the rifle and sold it to get something to eat. $8 we got for it. We sold it in Grand Forks. We got there by walking and freight.

We stayed in Nelson one night. Gilbert was a member of the G.W.V.A. so got a ticket from them for the night for a hotel.

The judge makes this comment:

I am leaving the writing of this letter to go into the court room to sentence two lads—one from Halifax, Eng., and one from Glasgow, Scotland, for theft. They were enticed out here by the shipping agents of the Canadian railway companies. They paid about $100 to these shipping agents who get their rake-off and the rest goes into the coffers of the railway companies. These poor dupes who are being enticed out to Canada on false and misleading promises are victims of railway corporation cupidity. These lads were eking out a precarious living in the bush of Ontario and the farms of the prairies until they had to take refuge with scores of others in the emigration sheds at Winnipeg. Then they were shipped out to take the place of strikers in the timber areas of East Kootenay; they were told by the emigration authorities (so they have stated to me) that there was no strike.

Reduced to starvation conditions these lads lifted a rifle from a shed to sell to get food. They must go to prison for this crime. I will impose a short sentence but they have pleaded "Guilty" and I cannot avoid sentencing them.

[Mr. Woodsworth.]

The railway companies and steamboat companies are agitating for more and more population. Not a thought as to the class so long as they can get the passage money. Not a thought as to the future of these penniless lads so long as their fares are paid and go into the "Receipts" column.

It seems to me, Mr. Chairman, that when one comes into close contact with these men and realizes the brave struggle that many of them have put up in order to try and gain a foothold in this country, many of them having done their piece of work when work was available and were afterwards driven from pillar to post, some of them not fitted for the kind of work for which they were brought over, we ought to consider very seriously our whole policy, and I for one think we should rigourously refrain from wholesale condemnation of men who come to a new country to find that there is not the machinery here for fitting them into what, to them, are novel conditions.

Mr. MILLAR: I fancy this is rather a storm in a teacup. One would think from the remarks made by the members from Toronto that the sacrifices are made entirely by the large cities. Let me say that many of our best settlers on the prairies and, I suppose, in other parts of the country as well, were young men that came out just in this way. In fact my mind now reverts to a young man who came out with no knowledge of driving a team in Canada—of course, horses are handled differently in the Old Country—and Canadians were amused at the way in which he would talk to his horses, which would go just where they pleased. I will not say in what part of this chamber that man sits now, but he sits here. I think I could go over the country and find hundreds and thousands of such men. At the present time the farmers in the prairie provinces are doing their share in looking after these immigrants. They regard such men in the right light, for they realize these newcomers are living under entirely different conditions to what they have been accustomed. Very often when given a team of horses they will let them run away. I remember a case last fall: A young man was given a team to help stook-thresh, as we call it; he let his horses stand alone a short distance from the engine; when he wanted to stop them he said "whoa" and they stopped, he called to them a second time with the same result, but the third time they did not stop, they went home of their own accord and smashed the wagon and rack. Such mishaps will occur again and again, but the farmers realize that these men are inexperienced and

with training will become useful; therefore they are making a sacrifice to train them, paying them sometimes three or four dollars a day which is often more than they are worth, confident that they will eventually become good Canadian settlers. The Englishman likes to be free; he resents being herded in the fall of the year and being told where he should go. Nobody dumps him on Toronto or any other city; he simply goes there of his own accord. I would remind hon. members from Toronto that much of the money which those men are helping to make on the prairie farms finds its way eventually to Toronto. Much of what we pay for our farm implements, our textiles, and our mortgage interest, finds its way to Toronto. And I think if you look at the Auditor General's report you will observe that last year the federal government paid out to Toronto for unemployment $178,000. So I think the people of Toronto have no reason to make very much complaint. Let each one do his share by these men who come from the Mother Country, from conditions that are not very favourable, to a new country where they will make good if they are given a chance. But, I assure hon. members, the farmers of the prairie provinces are doing their share in dealing with these newcomers. As I said before, they are paying them good wages and training them at the same time, knowing they will become useful later on and good Canadian citizens. I think far too much has been made of this matter. If we all do our share I do not think any one will be badly hurt, and we will have so many more good Canadians.

Mr. SUTHERLAND: Why do not the prairie farmers employ these men during the winter months if they are doing so much to assist them?

Mr. MILLAR: To my knowledge many of these men were able to work during the winter months, at low wages it is true, but in very good homes where they would have a chance to learn how to handle horses and to farm. I know near my own home two immigrants were given such an opportunity by a farmer, but both refused. Later on last winter the farmer was himself doing chores on his two farms because he could not get help at what he considered a reasonable rate.

Mr. SUTHERLAND: In the Hansard report of my remarks yesterday just before the committee rose at six o'clock when referring to a man who was sentenced to gaol for six months in Toronto I find I stated that the magistrate termed him a rebel. The newspaper report was that the man himself admitted he was a rebel, but, as I pointed out, it was the magistrate who said he was a rebel. In regard to what the hon. member for Centre Winnipeg has said, I wish to point out that I did not without good reason make the statement that I made. I heard this man in Toronto about two weeks ago make the most reckless statements that I ever heard and I could not help being surprised that he had been permitted to say what he did. He admitted that he was the leader of this farmers' movement. He was advising these unemployed men what to do in case they made a contract to go on a farm.

Mr. MILLAR: Did the hon. member say the farmers' movement?

Mr. SUTHERLAND: They claimed they were farmers—harvesters' movement, I should have said.

An hon. MEMBER: Immigrants' movement.

Mr. SUTHERLAND: The hon. gentleman does not need to sneer at the immigrants. No province in Canada has done so much to bring people out here and to see them comfortably established as Ontario has, and that is why I asked the minister last night how it was that these men were charged a great deal more for coming back from the West than they were charged to get out there. The excursion rate from Ontario is $15 going West and $25 coming back. Ontario has for many years had to do that work itself; there has not been that co-operation between the federal government and the province that there should have been and the result is that Ontario has provided all the machinery for bringing these people out here and seeing that they are satisfactorily located with employers who will give them a reasonable wage and good care. It is the natural desire of nine-tenths of those who come to this country to become owners of land and to build up homes for themselves, and they are obliged to go to Ontario and obtain the necessary experience, because diversified farming is carried on there to a greater extent, I believe, than in the newer districts of the West at any rate. Well, a few months after they become installed with the farmer in Ontario they read about these excursions to the West. They are able to get out there at a low rate and get big wages and the result is that in many instances they become dissatisfied. Although they have made a contract perhaps for eight months of the year, the Ontario farmer realizes that there is no use trying to keep a man who wants

to leave; it is better to pay him off and let him go. And when these men come back the farmers whom they left under these conditions at the beginning of the harvest season do not feel like taking them in for the winter, because if another opportunity presents itself they will leave again. The farmers of Ontario have been maligned by many of these men, and the arrangement entered into by the Department of Labour through representations made to the railway companies are in no small measure responsible for this condition. If it is advisable to have excursion rates, then give the men the same rate back that they get going out. I am not saying anything about the West that my friends from that part of the country need take exception to; they know this is the case. They know that it is necessary for them at certain times of the year to have a great deal more labour than they require at other times, and so long as that is the case there will be this going backwards and forwards between Ontario and the West, and there will be many men accepting these excursion rates and going out to remain there, but it is unfair to Ontario that these inducements should be held out at the very time of year when the Ontario farmer needs help the most. As to this man who was sentenced in Toronto two weeks ago, I stood there and listened to the statements he was making to the men before him, and had I had the authority I would not have hesitated to have him deported within an hour. He is not the kind of man we want in this country; he belongs to that disturbing element which are doing their utmost to create friction between the labouring classes and their employees. Our country with its great undeveloped resources affords ample opportunity to every willing worker who can come here, and will afford that opportunity for many years. It is not necessary for anyone to go around the streets of our cities and towns complaining that he is unable to get employment. It is not the case; I know of many contracts that have been standing idle during the last two or three years for lack of people to do the work. This is the condition of affairs in Toronto, and along then comes the minister and makes arrangements with the railway companies regarding these excursions. I thought it was the Railway Board who had charge of the regulation of railway rates, but we find the minister inducing the help engaged by the farmers of Ontario for a term of months to leave those farmers at harvest time and go to the West. Then we have hundreds of thousands of dollars paid out in doles to carry these people through the winter and we find people sneering at the farmer and saying that he will not take these men in for a few months. Those who are out of employment in Ontario are largely those who have refused to accept work in Ontario or who have gone out to help our friends in the West as a result of the inducements which the minister has arranged or is to-day offering to them through the excursion rates on the railways.

Mr. MURDOCK: My hon. friend flatters me if he suggests that I fixed the rate applicable to these harvesters' excursions. The Labour department found out from the passenger departments of the railways what the rates were to be, because the excursions are believed to be a benefit to all concerned, to the western farmers and to the men who possibly want to be moved.

Mr. CHURCH: An independent investigation into this British harvester matter was held by Canon Vernon for the Church of England in the diocese of Toronto. These men were sent back to the city of Toronto by the government of Canada. I will tell my hon. friend from South Oxford that while there may be an occasional one or two of them a socialist or an agitator, the great body of these men are British born, and anxious to work. Here is a picture that appeared in the Toronto Globe of a military funeral that was given to three British harvesters who met death while snow-shovelling for the National Railways in the Mimico freight yards. These three men, George Platt, Frederick Ward, and S. J. Harper, had been in every British war since the Crimean. They were all married men, and they leave families of two, three and four children. The transportation companies brought these harvesters to Canada, and there was misrepresentation. These men are not loafers. I have seen many of them myself, and they are the best possible type of immigrants we could get. These three good returned soldiers were killed while out working in a snow storm at Mimico, seven miles from Toronto, and here is what Rev. Canon Vernon said at their military funeral in the Church of the Ascension:

> They knew the bitterness of criticism and misrepresentation and they have answered with their lives. Last Saturday they went forth to their work and laboured until the evening, and, in the Providence of God, that evening was the evening of their life on earth.

These men, killed on the railway tracks, were not given a pension by the Canadian National Railways, and their wives and small children were left destitute. The Standard Stock Exchange and other bodies got up a public subscription for them. These men, after seeking work in vain for days, were

given work at Mimico on the Canadian National Railways at fifteen and twenty cents an hour, and one night an engine, backing down on the track, killed the three of them. The National Railways have not provided any pension or made any other provision for their widows and families, and I hope the Minister of Labour will see that justice is done to them. There was an inquiry, after the funeral of these three men, into the whole question of who brought these immigrants here, the conditions under which they came to Canada, went out west and were returned to Toronto and other urban centres of population in Ontario, and the inquiry showed that the men were brought out here under misrepresentation, that the transportation companies were to blame. Here is the Toronto Globe, an organ of the government, criticising the government's policy in this regard. They say that the government should not have allowed these transportation companies to bring these men out here, these men who had served in every British war since the Crimean war, and whose wives and families are now left to be taken care of by charitable institutions in Toronto. I am glad to say that a large number of these harvesters who came out from the Old Country have got work in Toronto, because we are a British-born city, and we are not going to see men who have fought for the Empire left to be dealt with by charitable bodies. It is a disgrace to the whole country the way these British harvesters were used, and as the Rev. Canon Vernon says, somebody is responsible for bringing them out. I tell you that it was the biggest black eye that was ever given to British immigration. I do not wish to criticise the government so much, because I think the transportation companies put something over on them. We have the president of one of the transportation companies in this country talking of the need for immigration, and this is the way the transportation companies use the British immigrants when they are brought to Canada. The Canadian National Railways paid these men fifteen, eighteen or twenty cents an hour for shovelling snow. These men went out in the depth of winter and worked under intolerable conditions seven miles from the city of Toronto, and were killed during one of the severest storms. There have been several sermons preached from pulpits about them. I know the Minister of Labour sometimes takes the pulpit himself. I do not think he is to blame for this particular case, but I urge him to take this matter up and sermonize Sir Henry Thornton and see if he cannot do something to get pensions for the widows of these three British-born soldiers who were killed while working on the National railways. I think the government should hold an inquiry into the bringing out of these British harvesters. I wish to protest against the way they were used.

The CHAIRMAN: Order. This vote is for the International Labour Conference, and the hon. member is out of order.

Mr. CHURCH: I appreciate what the vote is for, but the Minister of Labour has brought up this matter of the harvesters. I am glad I called the attention of the House to the mean way the British harvesters were used.

Mr. MacLAREN: Before I say something in reference to this subject, Mr. Chairman, I want to be quite sure I am in order. I wish to say a little on the transportation of harvesters, which has been discussed under this vote. Is that in order?

The CHAIRMAN: I do not think it is in order. There was an inquiry made of the minister, and then finally some addresses were given on the subject.

Mr. MacLAREN: I shall be very brief in the reference I have to make.

Mr. MURDOCK: Yesterday afternoon my hon. friend from Carleton (Mr. Caldwell) asked for certain information in regard to harvest excursions from the Maritime provinces which I did not have with me at the time, and I promised I would let him have the information at the earliest opportunity, and I therefore brought the matter up tonight.

The CHAIRMAN: The question is not a question of immigration, but purely one of transportation of labour from one part of Canada to another

Mr. MacLAREN: That is the point I wish to confine myself to, Mr. Chairman. I quite understand that the minister has no jurisdiction over transportation rates for harvesters within the Dominion, but I wish to take this opportunity of protesting against the conditions existing, that is to say, against harvesters being induced to proceed from their homes to the prairie provinces at a reduced rate, and at their having to pay a higher rate to return home. I protest against any such arrangement as that What is the object of that special rate? Is the return rate larger in order that these men may be retained in one portion of the Dominion to the detriment of another portion, which loses them? That to some extent is the effect, whatever the object may be.

Mr. FORKE: I will answer that question.

Mr. MacLAREN: I want to address myself particularly to the minister. I want to enlist his sympathy in the matter. I wish to present the matter from another point of view than what the leader of the Progressive party would probably put forward. The railway companies—and in this case the National Railways especially—should bring back the men to their homes at the same rate at which they took them to the West. They are being sent there to meet the needs of the middle West, they are taken from their own provinces, and the least that could be done in fairness to the sections from which they come is to return them at the same rate. Is it fair to deplete certain portions of the Dominion in order to meet the needs of the West, and to grant special railway rates to assist in that depletion? I submit it is not? Surely the members of the Progressive party are not in favour of granting special inducements that will be in the interest of one section of the country more than in that of another. If they are not, how can they reconcile that position with the fact that an additional charge is made for returning the harvesters to their homes. I would submit this to the consideration of the minister so that he may, if he thinks fit, pass on to the proper quarter any views that appeal to him, more especially the view that if harvesters are brought from the East to meet the needs of the prairie provinces there should be no increase in the rates but rather a reduction in order to facilitate the return of these men to their homes.

Mr. MORRISON: There has been considerable criticism of the railways for taking harvesters west at a lower rate than is charged them to return. I submit that the railways are entirely responsible for that course. They take the men from congested districts of the country to the West where they will have an opportunity to make a new start. Before they do this they advertise that the return rate will be higher than the rate to the West, so that if the men take in the excursion they do so with a full understanding of what the return fare will be. The hon. member for North Toronto (Mr. Church) has just stated that the British-born among the harvesters deserve better treatment than they receive. I wish to say that last year there were 12,000 harvesters and only about 800 of them were dissatisfied. I submit that was a very gratifying result—there was less than one in twelve that did not fit in with his new surroundings. About the time that some dissatisfied harvesters held up the Prince of Wales at Winnipeg, ten of them refused an offer of $5 a day in the district where I live. They would not work under such conditions for $5 a day, and I know that at that time the crop was not half threshed up in Alberta. There is always a percentage of dissatisfied men who will not accept the treatment offered them and go to work. I cannot understand any strong, unmarried man being in want in the winter after having worked at the harvesting in the West. If any such person found himself stranded it was his own fault. Some of the married men, however, were deserving of some consideration. Three years ago the city of Regina maintained eight hundred men for the winter. Two years ago they advertised that they were not going to feed men, unless applicants were able to prove that their condition was not due to any fault of their own. As a consequence they had none to feed. As long as municipalities will assume the burden of feeding men without requiring them to prove that their condition is not due to any fault of their own they will continue to have applications from needy men for assistance.

Mr. MILLAR: Although I have spoken already I wish to state that something has been said about misrepresentations and about the too rosy stories that were circulated—

The CHAIRMAN: I question if the hon. member is in order. This is purely a question of the transfer of labour from one province to another in the interests of western Canada. I do not think the question of immigration comes in if the hon. member will permit me to suggest that.

Mr. ARTHURS: How much was spent on this vote last year?

Mr. MURDOCK: The sum of $6,644.47.

Mr. ARTHURS: Who were the parties that represented Canada?

Mr. MURDOCK: At the International Labour Conference? Miss C. E. Carmichael, president of the National Council of Women and Philippe Roy, Agent General at Paris, were the two government representatives. Mr. G. H. Sherrard, of the Canadian Manufacturers' Association, represented the employers, and Mr. Tom Moore, the workers.

Mr. LEADER: Will the minister tell us what it cost to keep an automobile for Mr. Roy?

Mr. MURDOCK: I am unable to answer that and my hon. friend will agree the subject is not in my department.

Mr. LEADER: You mentioned his name in your answer. I can tell my hon. friend it is $3,000 a year.

The CHAIRMAN: That has no reference to this item at all.

Mr. HUMPHREY: Can the minister state what the policy of employment agencies is in regard to transferring labour from one province to another in case of a labour dispute? Is it the policy of the employment agency to supply labour to another province as a result of representations by an employer, who has had labour difficulties but nevertheless states that no such trouble exists.

Mr. MURDOCK: It is most decidedly not the policy of the employment offices of Canada under those conditions to assist in transferring labour from one province to another. If representations are made, as they were made during recent months in British Columbia when the I.W.W. had a lumbermen's strike, or if representations are made to the employment offices of the prairie provinces that labour is wanted, the instructions are that the superintendent of employment offices must state the exact conditions in effect at the point where labour is required leaving the workmen then to act in accordance with their own judgment. Possibly the information desired by the hon. member is covered by order in council 3111, section 5, sub-sections (a) and (b). It will be observed from these sections of the order in council that employment offices should maintain a strictly neutral attitude in industrial disputes. Reports in this connection should be made in triplicate on form E.O. 25—report of trade disputes—one copy being sent to the provincial clearing house, one to the interprovincial clearing house, and one copy retained on file in the office. When disputes are settled advice to that effect is also to be sent on this form. I repeat, that in so far as is possible a neutral attitude is maintained.

Item agreed to.

Joint industrial councils, $5,000.

Mr. MURDOCK: This appropriation is intended to meet charges arising out of work done for the formation of a system of joint industrial councils as between employers and workmen. The system is largely identical with that known in Great Britain as the Whitley councils, and it is thought likely to be helpful in meeting industrial situations arising out of industrial unrest. The appropriation is intended to cover expenditures for salaries, allowance and travelling expenses, temporary assistance and so forth.

Mr. ARTHURS: Is the minister of the opinion that they are less helpful? Otherwise, why the reduction in the vote?

Mr. MURDOCK: There have not been any extensive expenditures under this item for the past two years, one important reason being that there is generally in effect throughout Canada a commendable spirit of compromise as between employer and employee. There seems to be a desire on the part of both, generally speaking, to co-operate. There are some exceptions to that. The appropriation is maintained, but it has not appeared advisable to make any extensive undertaking. We pay out of this appropriation certain expenses, for instance, salaries last year of $1,308 and allowance and travelling expenses of $3,039.75. The expenditures shown under allowance and travelling expenses covered the amounts paid to an officer of this department who is on part time, who works by the day, who has been a very valuable officer to the department, whom we found working on the same basis when I came to the department, and who has accomplished some very commendable results in the way of mediation and conciliation since that time. The largest amount of this appropriation has been paid to take care of the salary and expenses of that officer.

Mr. WOODSWORTH: How many such councils have been organised during the past year?

Mr. MURDOCK: Not any. I said a moment ago that during the past two years no expensive undertakings have been made in regard to the establishment of joint industrial councils.

Mr. WOODSWORTH: If no councils have been organised, what is the man doing who is working on half time?

Mr. MURDOCK: He is by mediation in numerous cases bringing about settlements between employer and employee. For example, within the past six months, six applications for boards of investigation were made to the department, on each one of which a settlement was reached as a result of the efforts of this officer in the way of mediation. If we put that in comparative figures, I think we could readily show that if, in each case, boards had been formed, and had gone through the usual mode of procedure, and the three members of the board had been paid, with the expenses of witnesses and the delays that would occur, this would have cost very

much more than this particular item amounts to in paying this officer his allowance and travelling expenses for the last year.

Mr. WOODSWORTH: That may be a very laudable work, but I submit it is not the work of establishing industrial councils. Has the government given up the idea of the advisability of establishing councils?

Mr. MURDOCK: Not at all. I hope that the time may come before many years, possibly before the next fiscal year, when we can say that the time has arrived when we can proceed in a more insistent way to bring about the formation of industrial councils. It has not appeared advisable to move very urgently in that direction during the past two years, according to the view of the department and the minister.

Mr. WOODSWORTH: I am informed that certain groups of civil servants are very anxious that councils should be formed in the branches of the Civil Service. Surely, it would seem as if there was a field in which the government need have no great hesitation. This does not impinge in any way on private rights, private corporations. Is it the intention of the government to establish Whitley councils or industrial councils within the Civil Service?

Mr. MURDOCK: I would hope that my hon. friend would ask the Prime Minister for a declaration on that point. I think I could go so far as to say that the government would expect that government employees should have all reasonable and consistent opportunity of making known their aims and claims. To that extent the government has indicated its desire during the past few weeks in regard to the postal employees' revision of salaries.

Mr. WOODSWORTH: But in this again I think the Minister of Labour will hardly attempt to tell us that making known the claims of employees is anything like the establishments of Whitley councils as advocated a few years ago in England.

Mr. MURDOCK: I agree that it is not by any means, and again I hope that someone will not criticise me for saying this. This is a question on which the Civil Service Commission would have something to say; I think a question upon which they would have the most to say. In other words, under the law, they have authority to determine certain questions as those questions affect the wage rate or conditions of employment of civil servants. There is nothing in the law which would specifically say to them: You shall give civil servants an opportunity for a voice and a vote in the determination of those questions.

Mr. WOODSWORTH: Does the minister imply that the Civil Service is in opposition to the commission?

Mr. MURDOCK: I imply nothing. I am not touching on that point. I say that it is a matter on which the Civil Service Commission would have a good deal to say.

Mr. WOODSWORTH: Has the minister ever inquired of the Civil Service Commission whether they would be willing to have Whitley councils established?

Mr. MURDOCK: I have not asked the Civil Service Commission if they would be willing to have established in the Civil Service Whitley councils or industrial councils.

Mr. ARTHURS: The minister has justified this appropriation by stating that he has a very efficient officer who works part time. He gave instances where this officer had prevented disputes, in fact I understand had prevented all the disputes that had occurred in the department this year. Am I correct?

Mr. MURDOCK: No, far from correct. I said that in six applications which were made, the officer was able to effect a settlement without the necessity of forming a board, but twenty-two applications were made during the year.

Mr. ARTHURS: It would appear that this officer on part time was more efficient than the other wage investigators. Is that true?

Mr. MURDOCK: His duties are somewhat different. Fair-wage officers have a different line of duties to perform under the Civil Service classification.

Mr. ARTHURS: Fair-wage investigators?

Mr. MURDOCK: Yes, and of course this officer is a good wage investigator. He can do that class of work or other classes.

Mr. STEVENS: I do not suppose his assistance was requested in the dispute between the Minister of Agriculture (Mr. Motherwell) and Dr. Torrance.

Mr. MURDOCK: No.

Mr. STEVENS: It is rather too bad he was not called in.

Mr. MURDOCK: He might have been able to settle that.

Mr. STEVENS: There might have been a little justice done.

Item agreed to.

Combines Investigation Act, including $1,000 to the registrar, $20,000.

Mr. FORKE: Could the minister give us some information as to the working of this act? Have there been any prosecutions or any discoveries?

Mr. MURDOCK: There have been no prosecutions.

Mr. FORKE: Any investigations?

Mr. MURDOCK: There have been a considerable number of investigations regarding some of which I will give the details. The following is a memorandum I have on the subject:

Preliminary investigations initiated by registrar as a result of representations received:

1. Boot and shoe manufacturers and jobbers interrogated regarding fixing of resale prices. Result: complaint found to be unjustified.

2. Inquiry of canners as result of an inquiry as to why act was not functioning in connection with canners' combine. Result: information received from canners and enquirer requested to make formal application, which to date he has not done.

3. Inquiry of dealers in wholesale plumbing supplies in connection with inquiry received re refusal of dealers to supply inquirer. Result: applicants decided not to make formal application, as investigation resulted in wholesalers agreeing to furnish supplies.

There are a number of other lines in which investigations have been held. Does the hon. member want me to read them?

Mr. FORKE: I think the committee is anxious to know how the act is working out.

Mr. MURDOCK: My memorandum on this question continues:

4. Inquiry into conditions existing in the western provinces relating to the marketing of B.C. fruit and vegetable. Attention of department directed to the matter by the Minister of Trade and Commerce and the member for Centre Winnipeg, who enclosed clipping from Nelson "Daily Sun" containing letter signed by O. J. Wigen of Wynndel, B.C., complaining of alleged combine regarding merchandising of fruit. Mr. Wigen was invited to make application under act on March 20th but so far has failed to do so. In the meantime an investigation into the matter is being conducted by departmental officer at Vancouver.

Mr. ARTHURS: How many formal complaints have been made?

Mr. MURDOCK: There have been no formal complaints. No application has been made under section 5 of the act, which requires that six citizens shall take the necessary steps. We have asked that application be made on several occasions when complaints have been lodged, but in no instance has the application been forthcoming when it came to final action on the part of the persons concerned.

Mr. WOODSWORTH: Have there been any investigations of the banks?

Mr. MURDOCK: No; we have not assumed that this was a part of the function of the Combines Investigation Act.

Mr. FORKE: I do not think that it is a wise provision to require six citizens to make the application; it is quite difficult to get six persons to agree to do this. One complainant may be quite prepared to make application but it is not so easy to get five others who are willing to stand behind him in the complaint and share in the responsibility. In that respect I think there is a weakness in the act.

Mr. MURDOCK: My hon. friend will recall that originally framed the act required only one person to initiate the complaint. That provision was amended, I think with the general if not, indeed, the unanimous consent of both Houses, to require the joint action of six citizens, it being held that one disgruntled individual or a discharged employee might make the application on entirely insufficient grounds. Indeed, if it appeared proper I could cite an instance in which this very thing has occurred. During the past few months an employee who had been discharged alleged all sorts of things which on investigation were found to be unwarranted. It was decided when the act was passed that six citizens should initiate the complaint before any business might be interfered with, perhaps unfairly; and the department has tried, and the minister will try, to conform to that view. It is not a question whether I personally believe that some other action should be taken; but generally speaking I think that this plan should be followed, especially in view of the fact that both Houses have endorsed it. One hon. member brought to the attention of the department a case in which it was thought that a combine existed, and after some correspondence and investigation he called upon the departmental officers and discussed the matter. Later on, hearing nothing further and thinking that possibly an application would be filed, the department inquired as to the result, receiving this reply:

Your favour 11th instant is received and contents noted.

In reply I am pleased to say that the mere threat of an investigation has had the desired effect, for the present at least; if repentance, and atonement, does not continue I will be pleased to let you know.

That is an indication of what was done in one case, and I think that the correspondence would disclose a number of similar cases in which inquiry for certain information has had the desired effect.

Mr. HUMPHREY: Is it possible to give the date of the investigation into the fruit situation in British Columbia?

Mr. MURDOCK: This investigation has taken place only in the past few weeks and is still proceeding.

Mr. HUMPHREY: What is the date of the clipping which has been referred to?

Mr. MURDOCK: It is dated March 8, 1924 and is taken from the Nelson Daily News.

Mr. STEVENS: Will the minister read it?

Mr. MURDOCK: It is as follows:

BAR WHOLESALE BROKER COMBINE WIGEN DEMANDS

Urges Federal Enactment to Prevent Interlocking of Interests

Seeks to Arouse Public Opinion

Wynndel Co-operative Head Claims Growers Being Given Over to Combine

To the Editor of The Daily News.

Sir,—This is an appeal through your valuable and much circulated paper (and others in sympathy with the fruit growers, that will copy it) to bring before the public the fundamental cause for the deplorable economic condition prevailing in our industry. And to pray for assistance from other commercial units, public bodies, boards of trades, and our provincials and Dominion governments to help us out of the entanglement with the two commercial combinations operating in our four western provinces, and known as the broker-wholesale combination, controlling the distribution of our fruit and vegetable products.

The true commercial condition that we are subjected to is this: That before we can use these fruit and vegetable wholesalers as our distributors, we must engage their brokers as our brokers, so that they legally can sell our products to themselves. And if we refuse to concede to their conditions they will get these requirements some where else, when a quantity of our products will have to go to waste.

A much similar condition prevails with the wheat and cereal farmers on the prairies, as their products must pass through the Winnipeg Grain exchange, a legalized gambling institution, for want of something more economic at present.

Farmers Discriminated Against

You men of commercial brain, as well as you law-makers for our provinces and our Dominion, must realize the deplorable state of affairs that such a condition creates, for in no other industry would the laws permit such a condition to prevail, and if they did, no other industry subjected to it could ever hope of surviving beyond its stage of infancy.

Had nature not endowed the agricultural class with such a tenacity of life, it would, as an industrial unit in the nation's organic life, have been extinguished long ago.

We now appeal in the name of the British Columbia fruit industry to all fair-minded citizens to assist us in bringing to the attention of the governments in each of the western provinces and at Ottawa, the immorality of permitting interlocking combination in restriction of legitimate merchandising of the farmer's products, such as prevail with the mutual brokers, operating for the so-called Nash houses and the Growers Sales Agency, operating for the so-called independent houses.

[Mr. Murdock.]

As long as these two combinations are legally permitted to operate there is no hope for the British Columbia fruit industry ever getting out of the path of bankruptcy, organized or unorganized. And the much hoped for co-operative movement of last spring only serves to hand the growers over to this combination in an organized form.

No Need to Buy Out

Mr. Howe of the Associated Growers says that it will take two and a half million dollars of the grower's money to get out of this broker-wholesale combination. Whereas we maintain that an order in council with the stroke of the pen, or the passing of an act by our federal government, would accomplish the same by making it unlawful for any wholesale house to own, control, or have any interest in any brokerage concern handling commodities of the same class as the respective wholesalers.

As farmers and fruit growers, we wish no quarrel with any legitimate wholesale house. On the contrary, we wish to foster a closer and more friendly relation along economic lines.

The wholesalers would not be human if they did not use to their own advantage the inquity of the law permitting such an interlocking combination to operate amongst us.

When we consider that the farming class constitute the Old Dad of the nation, providing the victuals for its inner sustenance, it becomes inconceivable that its family should subject him to bankruptcy, knowing, as they must, that it finally is bound to reflect upon themselves, causing suffering, if not social collapse.

On behalf of the British Columbia fruit and vegetable industry,

O. J. WIGEN.

Wynndel, B.C., March 6, 1924.

We have invited the gentleman to file an application with certain definitely alleged facts over the signature of six citizens. So far he has failed to do so. But regardless of his failure, we are undertaking as careful an inquiry as it is possible to make under the circumstances.

Mr. ARTHURS: The minister has given the names of two or three parties who were complained against. He might as well give us all of them.

Mr. MURDOCK: I do not think my hon. friend would really want me to do that.

Mr. ARTHURS: Then why single out one or two, such as the boot and shoe men and the plumbers?

Mr. MURDOCK: I have just read a newspaper article, but I did not give the names of any persons or indicate in what part of the country they were located. I think as much or more information than that has appeared in the press from time to time.

Mr. STEVENS: Would the minister inform the committee if the Combines Investigation Act would meet the case complained of, providing the necessary charge were properly filed?

Mr. MURDOCK: Personally, I am of opinion that a thorough investigation under the provisions of the act could be initiated if the charge were regularly laid; but it is a question whether the department should initiate such an investigation on the representations contained in this newspaper article. After we get further information from an officer of the department who is inquiring into the matter in Vancouver and elsewhere it may be considered that there is sufficient involved to warrant our asking council for the appointment of a commissioner to make an investigation.

Mr. STEVENS: Did the signer of that letter refuse to file any formal complaint when invited to do so?

Mr. MURDOCK: He has not definitely refused, but he has not yet laid a formal complaint.

Mr. STEVENS: The reason I ask is that the charge in the letter as published is of a very sweeping and a very damaging nature. I know nothing about it myself, whether it is even approximately correct or not. It does seem to me that an effort should be made, on the one hand, if the charge is well founded, to remedy the situation; on the other hand, if the charge is not well founded, to dispel from the public mind the idea that such a nefarious combination exists; and I think the minister should press for particulars of a definite character in connection with such a serious charge.

Mr. MURDOCK: I agree with my hon. friend entirely, and I would not have felt it proper to place before the House references to certain concerns but for the fact that the letter had been published in the press. I would not think it proper to subject a business man to the notoriety of having his business methods condemned broadcast unless the charge was well founded. I believe, with my hon. friend, that after such investigation as the department may make it should indicate in some measure what are its views on the facts alleged in this communication.

Mr. HUMPHREY: I am personally acquainted with the writer of the letter which the minister has just read. He is a thoroughly responsible and reliable man. For some time he has been head of a very flourishing co-operative association, and he is, I believe, in a position to give very valuable information regarding the conditions complained of. Although perhaps he may hesitate to file a declaration signed by six citizens, I think that on the strength of the charges he has made it would be well for the department to institute an investigation under the act.

Mr. MURDOCK: We wrote the gentleman on March 20, but he has not even favoured us with an acknowledgment. We proceeded to make inquiries concerning the statements contained in the published article and are continuing those inquiries. We proceeded to make other investigations on the basis of the statements made in the published article, and are continuing those investigations.

Mr. HUMPHREY: I take it that the department would eventually have some further progress to report, if investigations are still taking place.

Mr. MURDOCK: I hope so.

The CHAIRMAN: Mr. Graham moves that item 277 be amended by adding thereto the following words after the word "registrar":

—which amount may be paid notwithstanding anything to the contrary in the Civil Service Act or in the Combines Investigation Act.

Mr. MURDOCK: That is necessary in accordance with a letter from the Auditor General dated March 13.

Mr. STEVENS: Will the minister read the letter?

Mr. MURDOCK: It is as follows:

Dear Sir,

I have the honour to acknowledge the receipt of your letter of the 12th instant respecting a proposed remuneration to Mr. Hereford, a permanent employee in the Labour department, for his services as registrar under the Combines Investigation Act.

Any remuneration that may be proposed for Mr. Hereford will need to be voted notwithstanding anything to the contrary in the Civil Service Act or in the act to provide for the Investigation of Combines, Monopolies, Trusts and Mergers.

Section 22 of the Civil Service Act prohibits payment to any permanent employee of the Civil Service additional to his salary unless specially voted by parliament and section 4, Subsection 2 of the Combines Act provides that in case the registrar holds office in conjunction with any other office in the public service he shall not be entitled to any additional remuneration.

The item in the estimates should, I think, provide as follows:

"Combines Investigation Act including $1,000 for the registrar, which amount may be paid notwithstanding anything to the contrary in the Civil Service Act or in the Combines Investigation Act."

Yours sincerely,

GEO. GONTHIER,
Auditor General.

Mr. STEVENS: What other duties does this gentleman perform, and what is his present salary in addition to the proposed $1,000?

Mr. MURDOCK: For the past several years he has been classified as an industrial engineer in the Department of Labour, and his salary for this fiscal year for that position is $3,615.

Mr. STEVENS: Are his duties as industrial engineer of a very important and onerous character? Do they occupy a large portion of his time?

Mr. MURDOCK: Yes, he is busy all the time.

Mr. STEVENS: Some people can keep very busy doing nothing, but I will be charitable in this case and assume he has some duties. Could the minister tell us what they are?

Mr. MURDOCK: He is a technical officer who can deal with many of the questions that come before the department. His services are valuable also on account of the fact that the Minister of Labour has charge of the Printing Bureau. His work as industrial engineer and his recommendations in connection with the installation of machinery and the activities of the Printing Bureau have been extremely valuable and have resulted in a considerable saving to the government.

Mr. STEVENS: How much of his time is now to be diverted from these highly important duties to the Combines Investigation Act?

Mr. MURDOCK: That depends on the number of cases that arise. The department has not been extremely busy with cases arising out of this act, but there is considerable correspondence requiring attention and involving work which on many occasions has to be done after hours. It was thought that it would be well if we could get a responsible officer of the department to carry out these extra duties, and that it would be proper to give him additional compensation for that work.

Mr. STEVENS: What was the total expenditure under this item last year?

Mr. MURDOCK: Practically nothing—to be exact, $82.24.

Mr. STEVENS: Would it not be possible to have this registrar's work done by some other official in the regular hours of employment without additional salary? The position is certainly a very modest one in spite of the rather distinguished title which he bears. "Registrar under the Combines Investigation Act" sounds imposing, I know, but the duties outlined by the minister do not seem to call for a very highly paid official. I am not objecting to this form of paying the official, of adding $1,000 or of taking that amount out of this vote for the purpose. But in view of the situation disclosed during the past year it does seem to me that one of the officers of the department could act as registrar without any additional salary. To add $1,000 to another salary of $3,600 for the purpose of administering an act that last year cost the country $82.24 seems to me to be carrying the thing a little too far.

Mr. WOODSWORTH: I should like to support that contention. This man has been relieved from certain duties that he had hitherto been performing, and I cannot see that there should be an additional salary. We are talking economy; why not begin along these lines?

Mr. MURDOCK: Very often my hon. friend talks for justice, and I am quite sure that when he comes to analyse this question he will view it in that light. This officer is doing just as much work in his regular position as he was doing before, but it was not considered advisable that we should go outside and appoint some other person to this particular position. We want to economize; we want to carry on with as little expense as possible, and that we are doing so is shown in the expenditure of only $82.24 out of $30,000 voted last year.

Mr. STEVENS: We want to prevent the minister from breaking his good record.

Mr. MURDOCK: My hon. friend (Mr. Stevens) suggests that we may not have much to do during the next year. That may be so, but we must be in a position to deal promptly and effectively with any cases that arise or any complaints that are made under the act. I do not think that even my hon. friend from Centre Winnipeg or my hon. friend from Vancouver Centre would suggest that this is a situation that could be handled by any clerk in the department. It certainly deserves the attention of an employee possessed of more than ordinary capability and experience. That has been the thought at least, and I certainly hold that view. Now considering the actual weeks of investigation and research that have been entailed by these additional responsibilities thrown upon an officer classified by the Civil Service Commission as an industrial engineer, it does not seem to me unreasonable to ask that for the present fiscal year some additional compensation be given him. No additional compensation was paid from August last until March 31 of this year. The additional work and research was all undertaken free. I think it is only

reasonable to suppose that the registrar is better fitted to go ahead and determine what should be investigated during the present year by reason of this research work which he has already done, and I would hope that it will not be indicated here that we are not prepared to pay reasonably for extra responsibilities, service or duty required by a classified government employee.

Mr. COOTE: I think if we are to have a registrar under the Combines Act, the House might very well vote the $1,000 that the minister asks for, but I would suggest to him that he might give this registrar some work to do, so that he can earn this extra salary. He might very well have him investigate, for instance, whether we have not a bankers' combine in this country that limits the rate of interest to depositors to 3 per cent. I do not think that he would have very much difficulty in proving that that is the case.

I would also suggest that the minister might have the registrar investigate and see whether we have not a millers' combine in this country. In support of my contention that we have a millers' combine let me just bring to the attention of the committee, that in Australia it is possible to buy a barrel of flour with the proceeds from four bushels and five pounds of wheat, whereas in Canada it takes the proceeds from six bushels and twenty-seven pounds of wheat to buy a barrel of flour I cannot understand why there should be that great difference in the spread between wheat and flour in Australia as compared with Canada. Flour is the basis of bread, which is the staff of life for all the people in this country, and I do not think it is right, when we have a registrar under the Combines Act, that he should allow this apparent combine to continue without making some investigation. In Alberta I believe you can buy flour that is made in the city of Calgary for the same price in any part of the province, so there would seem to be some combine among the millers when they are able to fix a price for the whole province in that way. They also fix the price in Montreal at the same level as in Toronto, and sometimes they fix the price in Great Britain lower than it costs right here in Ottawa. I would suggest to the minister that he might very well have the officer in his department make some investigation into the millers' combine in this country.

Mr. SUTHERLAND: I must express my surprise that so little of this amount that was voted a year ago has been used by the minister or the officers of his department. I have a very vivid recollection of how the minister went up and down this country from one end to the other, railing against the trusts, mergers and combines that had everybody by the throat. We voted $30,000 a year ago, and the minister states to-night that of that amount it has not been necessary to expend more than $82.24 in order to settle this whole difficulty, and that now the coast is clear. I put some questions on the order paper during the session, and the answer with regard to this settlement that had been made was that it was not in the public interest to make known what had been done by this minister who has settled these combines once for all at a cost of $82.24 to the public. There is something so absolutely absurd about the whole thing that I am not at all surprised the minister should smile. We had evidence taken before a committee of this House a year ago with regard to the charges that were being made by the sugar refineries in this country. Sugar could be shipped over a long distance cheaper than it could be shipped to a point nearer to the refinery, and it was absolutely impossible for any grocers to buy except under those conditions. I brought this matter before parliament a year ago, but nothing was done. The minister, with all this $30,000 at his disposal, has not seen fit to take any action in that matter.

The hon. member for Macleod has just referred to a millers' combine in this country. I think the millers of this country are being discriminated against to-day in the discriminatory freight rates that are being charged against certain points. Only last week my attention was called to the rates for flour and wheat from certain points, which showed that there is some discrimination being shown, and the result is that we have mills idle in many parts of the country to-day simply because they cannot compete with mills in other districts that are receiving a preferential rate. But the minister thinks all we have to do is to vote this money without being given any more information than he has seen fit to give to the committee, and he is even asking for $1,000 additional to be paid to some officer in his department. Surely the minister does not want the country to believe that these mergers, trusts and combines that were throttling industry and robbing the people of this country have all faded away since his advent to office, without any action on his part. If they have, I think it is up to him to inform the committee just what he has done in that regard, instead of answering a question I put on the order paper as it has been answered. My question was this:

1. What prosecutions, if any, have been held under federal legislation against trusts, mergers, and combines

in restraint of trade in Canada during each of the years 1922, 1923 and 1924?

2. What penalties were imposed during those years for the offences committed by any or all of said trusts, mergers and combines in restraint of trade?

That was answered on March 20, as follows:

1. During the year 1922 and until August 25, 1923, when a registrar was appointed under the Combines Investigation Act, 1923 the only federal legislation in effect under which prosecutions could be held was the Criminal Code (Sections 496, 497, 498). No prosecutions were held under this Statute. Under the Combines Investigation Act, 1923 no prosecutions have taken place, though complaints informally laid have been investigated with results which have avoided the necessity of prosecution.

2. Answered by above.

I put another question on the order paper, with reference to the Combines Investigation Act, as follows:

1. What complaints were laid and by whom?

2. Against what persons, companies or corporations were such complaints laid?

The anwer was:

It is not in the interest of the public to give the information requested.

Does the minister want the members of this House to understand that if there are combines of that kind, and there are, the people should not know anything about them? Is it only the minister himself and those in the department who are entitled to know where these combines are located, and what means have been adopted in order to put an end to them? I do not think there is much evidence so far as the people generally are concerned that the minister has been active in this respect because, in so far as I can see, the very combine referred to by the member for Macleod (Mr Coote) is in operation. To-day we have vacant mills in the central part of Ontario that cannot be disposed of by reason of the discrimination that is shown in regard to rates. We have the sugar combine to which I referred which compels the grocer to pay those excessive rates. That grocer cannot have sugar shipped to him without purchasing from the wholesale grocers at a point distant from his place of business. He cannot purchase by the carload lot and have it shipped to him direct; he must go to the wholesale grocer at a greater distance. These are some things that the people are aware of. The minister ought to be frank and let us know in what respect he has relieved the people from the pressure that has been exercised by these combines.

Mr. MURDOCK: My hon. friend I am sure knows what is largely, or most often, the cause of combines, I hope this government is going somewhat in the direction of removing the cause and that it will move further in that direction. My judgment is that protection which has been improperly in effect in Canada has permitted some of the combines to grow, and exist and flourish; and if we can remove from Canadian business improper protection that only contemplates the protection of certain special favoured individuals we will remove combines that affect the welfare of producers and consumers largely from the realm of possibility. That is my opinion.

Now as regards my hon. friend's suggestion. I understood from the questions he placed on the order paper, and I understand now, that he would like me to give the name, and date and place of all the investigations, or inquiries, that have been made. Well, the two Houses of Parliament indicated that possibly that would not be the proper thing to do. The law itself contemplates that shall not be done unless real cause and necessity for it is shown. While those instructions are in effect I do not think it would be fair for me to say that we investigated Mr. Jones at such a place because it was alleged that he was conducting, or alleged to be conducting a combine in the plumbing trade, or Mr. Somebody else at another place because he was conducting, or alleged to be conducting, a combine in the boot and shoe industry. It would not be fair to do that and I think the discussion last year in both Houses indicated this view. I can assure my hon. friend that if he and the hon. member for Macleod (Mr Coote),—knowing all these facts as to the millers' combine that they have talked about—will touch the pen, and get sufficient other citizens of Canada to do the same, we will initiate an investigation under the Combines Investigation Act, and I personally will endeavour to see that we go to the full limit by investigation to secure all the facts possible; but until someone makes the application contemplated by the law I shall have to abide by the instructions of both Houses of Parliament as understood and not appear to harass business unduly, but act only as the result of securing complaint as the law requires over the signature of six citizens. Now, whether that is right or wrong it is the position that I contend the minister in charge of the department should take in view of the instructions of both Houses when this law was passed.

Mr. STEVENS: It is rather difficult to allow to go unchallenged the little political byplay that the minister indulged in in the early part of his remarks He says that the government have gone in the right direction towards removing the cause of combines in this country by dealing with this iniquitous thing

known as protection. Will the minister say that the reduction of the duty on farm implements, for instance, is proof that there was a combine in restraint of trade—an unreasonable combine such as he referred to before his election to this House, and such as is contemplated in this act? Will he say such a combine existed up to the time this budget came down, and that the budget by the reduction of these duties dealt with that iniquitous combine?

Mr. MURDOCK: I am not saying so.

Mr. STEVENS: I am putting a logical interpretation upon the minister's argument. If the minister does not say that, if he cannot claim that, then his argument a moment ago is senseless, meaningless, and pointless.

Mr. MURDOCK: Just a moment—

Mr. STEVENS: Will the minister recall for a moment those vociferous denunciations of that terrible cotton combine—

An hon. MEMBER: Textiles.

Mr. STEVENS: Yes, of the Canadian Cottons and Dominion Textiles, a combine that was grinding the very faces of the poor in the mud according to the minister's statements, in one of his numerous speeches before the election. He said the government has removed all these things because the other day he told the country that there is no combine in Canada. He said if you searched the country from the east to the west, from Halifax to Vancouver, there was no combine in Canada.

Mr. MURDOCK: Neither the minister nor any officer of his department made any such statement. I want to challenge that now because my hon. friend and others have used that too often; you cannot get away with it. There are combines in Canada detrimental to the public interest and they should be dealt with.

Mr. STEVENS: The minister now comes forward and makes these statements. He is Minister of Labour, administering the Combines Investigation Act on which last year he spent $82.24, out of $30,000 that parliament gave him for the purpose, and he declares to-night that there are combines in Canada that ought to be dealt with. Well, why does he not deal with them? Has he not the power under the Combines Investigation Act? He spent an hour a little while ago—

Some hon. MEMBERS: Oh, oh.

Mr. STEVENS: It seemed to me that he spoke almost for an hour. However, previous to a few moments ago he indulged for about an hour—I think I have got it straight now—in a long dissertation, assuring the committee that after careful inquiry no combine was found; that a certain individual wrote him a letter, and that he looked into it and challenged the individual who made the complaint. Now he turns to the hon. member for Macleod (Mr. Coote) and says "Put your finger to pen, and get six others to put their fingers to pen and look out for what I will do." If the minister himself knows of combines why does he not himself put a finger to pen? Has he not sufficient power? Can the minister not get six of his friends to put their fingers to pen and make a charge against these combines that he knows to exist, that ought to be suppressed, that ought to be dealt with? The minister comes before parliament as a minister of the Crown and deliberately charges that he knows of combines that exist, that ought to be suppressed. Where are they? We have a right to know. That surely is not a secret sacred in the mind of my hon. friend. Has parliament no right to know where combines exist, where the minister knows that fact and how they ought, in the interest of public safety and having regard to public welfare, to be suppressed? Is parliament not entitled to know that? The minister has indulged in heroics in this chamber to-night. He indulged in heroics in a speech which, perhaps I have exaggerated a little. I admit that, but sometimes we have to exaggerate in order to stir the minister up, as I have succeeded in doing.

Mr. MURDOCK: I am going to repeat it in a minute.

Mr. STEVENS: I would be surprised if he did not repeat it in spite of his denunciations to-night.

Mr. MURDOCK: I will give day and date and include some of my hon. friend's friends in it.

Mr. STEVENS: But if the minister is going to make charges on the floor of this House and say in one breath that there are no combines, that they vanished simply because he got his act passed—that is one of the statements that he made to the public—

Mr. MURDOCK: Not at all. I must tell the hon. gentleman that he is making a gross misstatement. I said no such thing. I shall be glad if the hon. gentleman will simply stick to the facts.

Mr. STEVENS: I have learned from experience that it is very difficult to put any interpretation upon the minister's remarks, because he invariably denies or twists his way out of them. Any one who has read any

of his speeches or who has followed, in the slightest measure, in the most casual way, his speeches, knows perfectly well that he has time and time again charged that there are combines in Canada. He charges that to-night, and yet, although he pleaded with the people to let him once get into office and what he would not do with those combines was not worth talking about, in spite of two and one-half years in office, he has not discovered any. In all his reports to-night of incident after incident he, with a good deal of heroics and self-complacency, boasted that these persons who had charged or indicated that combines existed had failed to make good their charges. Now he comes before parliament and what we are dealing with particularly is the voting to an official who is already getting $3,600, or $1,000 additional salary, for the purpose of administering an act the expenditure of which last year was $82.24. In my estimation, the official who administered this act last year, who has been receiving $3,600, if he is administering this act, is not performing the duties that he was performing previously. I think that is a fair deduction to make. He certainly is not down in the Printing Bureau shifting printing machinery around and reorganizing the Printing Bureau; he is not advising the minister on that work—what was it the minister said?—he is reading and studying the records of other investigations and so on in order to fit himself for this job. A little less of these heroics, a little more common sense, a little more of performance and fewer charges would be more becoming to the minister.

Mr. MURDOCK: From which source? I said and I repeat that, in my judgment, there are in Canada combines which should be investigated. I am substantiated in that view to-night by two hon. gentlemen who named them in this House. I think there may be others. I said something about combines and monopolies in the textile trade a few years ago. I think that could have been proven and I think it could be proven yet. A committee of this House, if my hon. friend will recall, with a member of this government sitting as chairman, investigated certain textile and other industries and found a percentage of profit brought about directly as a result of protection, that was absurd and unfair to the people of Canada. In 1920, when an investigation into the textile trade was instituted by a questionnaire sent out to all concerns manufacturing textiles in Canada, what was the result? At once the textile branch of the Canadian Manufacturers' Association came to their friends in Ottawa and appealed to them, the cabinet with which my hon. friend was connected, to relieve them from being required to fill out that questionnaire. With what result? On the 27th January, 1920, they got a draft recommendation to council prepared relieving them from filling out those questionnaires, and on the 28th January the cabinet with which the hon. member was connected were challenged as to their right to relieve the textile manufacturers from filling out this questionnaire. With what result? They told the textile manufacturers that they should comply with the order of the board and fill out the questionnaire. When the questionnaires were turned in, what was the result? Profits of two, three, yes, and more than three hundred per cent were shown on the business of some of these textile manufacturers that you have been hearing tales of woe about from my hon. friends across the aisle during the past two or three years. Those profits were shown over their own signatures in a sworn statement, and my hon. friend's friends took care to see that, even though that was shown, there would be no interference with the business that they were conducting; that no action would be taken to prevent a recurrence of that, because they just proceeded to make moribund, to put out of business, a board which was supposed to investigate and to deal under the law with those things to which I have referred. If my hon. friend wants information and data, why does he not insist on an investigation? These facts are not too old and too cold, and the data is not too much out of date to be looked into thoroughly in order that it may be found out whether the protection of the textile manufacturers was not simply taking unfair and indecent profits from the people of Canada for several years. Yet listen to the tale of woe that we heard last year about some of these concerns being put out of business, and that we have heard even during the present year. The hon. member for Vancouver Centre should realize that there is a long story to this, and I am personally willing to go into the whole story. But again I say to my hon. friend that even though holding the opinion that there are still in Canada combines that should be investigated, I know that parliament indicated last year the view that investigations should be initiated by six citizens of the age of twenty-one years. The view was, as I understand it, that there was to be no undue investigation or possibly undue interference that might develop later as being unfair to

some concerns. We are trying to follow that policy or what we regard as the instructions of parliament. Personally, I think it should be changed. I think an investigation might be very properly instituted on the signed statement of one citizen of Canada.

Mr. SUTHERLAND: My hon. friend is a member of the government and the government has control. I would ask him, what did he do in regard to Sir Charles Gordon whom he threatened to have gaoled when he was railing against trusts and mergers?

Mr. MURDOCK: My hon. friend once again is inaccurate; I have never in any speech in my life referred personally to Sir Charles Gordon. I do not think my hon. friend from Vancouver (Mr. Stevens) will think it improper for me to call his attention to his own statement last year:

> Why there would be no difficulty at any time, anywhere, day or night, summer or winter, to get six citizens of Canada to complain against some institution. I do not say ignorant people, but uninformed people are very prone to complain of businesses or institutions wherever they may be. Six uninformed, irresponsible individuals may ask for an investigation. The registrar proceeds to investigate. He calls for all documents, contracts, books and so forth of the company. He can step into the office, examine into prices, obtain any information he demands. All that he asks for must be produced; the concern which is the subject of inquiry has no recourse but to give up everything that is demanded pertaining to the secrets of its business. I submit that one rival desiring to get information regarding another rival's business, perhaps more successful than his own, perhaps underselling him on the market, would find it the simplest thing in the world to get that information through such an institution as this.

It is that and similar representations made by hon. members of this House that lead me to the belief that we should go very carefully, and know our ground thoroughly, before undertaking an investigation that might later prove altogether unwarranted. That is the reason, and the only reason, why some of the institutions which I think should be further investigated have not been inquired into and will not be inquired into, so far as I am concerned, under existing instructions and conditions and with the law as I see it.

Mr. STEVENS: My hon. friend undoubtedly has in mind the Board of Commerce Commission of which he was a very proud member when he refers to this application of the textiles for relief from answering a certain questionnaire. The committee ought to observe; in justice to the government which the minister condemns so vigorously, that no such relief was given to the textiles; and the minister of course is taking a great deal of credit to himself for that. Now, this whole quarrel, if I might refer to the matter in that way, between my hon. friend, other members of the Board of Commerce, and the preceding government, regarding the Board of Commerce and the acts controlling it, is an old quarrel which the minister very frequently resorts to when he wants to escape an awkward dilemma. He tells the House that he personally as a member of the Board of Commerce was convinced, and so convinced that he vigorously protested against the government of the day taking action, that certain combines existed during the year 1920, which was the last year of the preceding government, which was defeated in 1921. The minister personally knows all that; yet he has been in office two and a half years and has not given the slightest indication, either before the passing of this act or since, that it ever has been his intention to make any investigation. He said to the House to-night, however, that this government had discovered a way to cure the very source of these evils, the means being to reduce and remove the protection on these various industries. Well, I do not think that the House has noticed very many reductions in the duties on cottons and textiles; there has been absolutely no indication of such reductions. I am not asking the government to make any reductions, but I do ask both the government and the minister to be consistent in their arguments. The minister condemns his opponents because they did not remove the protection on these industries, under which these combines grew up; but although he has been over two and a half years in office he and his colleagues have made no attempt to apply that remedy. Why? Largely because they are convinced that there is absolutely nothing in the minister's argument; there is no other explanation for it. I venture to say that the Minister of Justice (Mr. Lapointe) will scarcely corroborate what the Minister of Labour has said to-night.

Mr. LAPOINTE: I would not corroborate what the hon. gentleman is saying now.

Mr. STEVENS: Will he corroborate the statement of his colleague?

Mr. LAPOINTE: I am not going to corroborate the statement of the hon. member that there was no reduction on textiles. There was a reduction under the British preference.

Mr. STEVENS: Yes, of 2½ per cent.

Mr. MURDOCK: Which we are told was enough to put half of them out of business.

Mr. STEVENS: Let me ask the minister, has he fully dealt with the combines?

Mr. MURDOCK: No, by no means.

Mr. STEVENS: Then we may expect action from the minister in the future.

Mr. MURDOCK: I hope you will get it.

Mr. STEVENS: Let me say in regard to the quotation from my speech, which the minister has read to the committee, that I take exactly the same position now as I did then, absolutely. I say that no investigation should rest upon the basis of a single complaint, as was originally intended in the act before it was amended in accordance with the present provision. I am satisfied that with the signed statement of six or more responsible citizens an investigation, under the act as amended, is warrantable.

Mr. MURDOCK: And do you not think that such is the plan which the department should follow?

Mr. STEVENS: In so far as the public is concerned, yes. But I do not think that the minister can shield himself behind that provision so far as he himself is concerned.

Mr. MURDOCK: Is the minister's opinion worth more than that of any other citizen?

Mr. STEVENS: His opinion as the opinion of the Minister of Labour should be worth more than that of a private citizen, yes. The Minister of Labour has all the information to hand; he has all the facilities available to secure that information; and his opinion ought certainly to be worth more than that of a private citizen who has no such means of getting at the facts.

Mr. COOTE: In view of some of the remarks that have been made since I spoke before, I want to give to the minister the authority which I had for my statement regarding the spread between wheat and flour. In the Commercial Intelligence Journal of April 19, 1924, there appears at page 485 an article regarding Australian commercial conditions:

> Wheat is still quoted at 4s. 7d. per bushel and flour at about £9 10s. per ton in 150-pound sacks, both free on board at Australian ports.

That works out at $1.10 per bushel for wheat and $4.48 per barrel for flour, 196 pounds to the barrel. The statistics in regard to Canadian prices are found in the Monthly Bulletin of Agricultural Statistics for the month of January, at page 57. It will be found there that flour is quoted at Winnipeg at $6 a barrel, while wheat is quoted in the same bulletin, at Winnipeg, No. 1, at 93¼ cents per bushel. These figures show that it takes 6 bushels, of 27 pounds, of No. 1 wheat to purchase a barrel of flour at Winnipeg, while in Australia it takes 4 bushels and 5 pounds.

Mr. LEWIS: Is the minister aware that last year a special parliamentary committee on Agriculture investigated ocean freight rates, and on April 23, 1923, they brought in their fourth interim report, which reads as follows:

> Your committee are of the opinion that upon the regular steamship lines trading from Canadian ports the price of transportation service is determined neither by the law of supply and demand nor on the basis of cost plus a reasonable profit, but that a combine exists among the various shipping companies, which combine is known as the North Atlantic and U. K. Conference Eastward-bound.

As this committee was composed of nineteen members of this House, their number should at least be sufficient to demonstrate to the minister that a combine does exist. Under the circumstances I wonder if the government intends to do anything.

Mr. MURDOCK: That particular question would come under another act. As a matter of fact I think it is being investigated at the present time.

Mr. GARLAND (Bow River): By whom is the investigation being carried on?

Mr. MURDOCK: By persons who are qualified to investigate. I do not think it would be advisable for me to say who are engaged in the work.

Mr. SPENCER: What department of the government has the work in charge?

Mr. MURDOCK: That would be more closely connected with the Department of Trade and Commerce.

Mr. LEWIS: It would be true to say that the government has this matter under consideration at all events?

Mr. MURDOCK: I think it is absolutely correct to say so.

Mr. LEWIS: And that an investigation is taking place?

Mr. MURDOCK: I understand so.

Mr. GARLAND (Bow River): How long are these investigations to continue before the public may expect some action to be taken?

The CHAIRMAN: The hon. member's question is not in order under this particular vote, the minister having stated that the matter referred to is under the Department of Trade and Commerce.

Mr. GARLAND (Bow River): We are discussing combines.

The CHAIRMAN: The hon. gentleman's question was not directed to combines.

Mr. GARLAND (Bow River): I wonder how long the minister will consider the nature of these combines before taking action against them. Complaints have been registered in the press and by members on this side and a number of investigations have been held, yet we find the cattle and other freight rates still rising.

Mr. ROBB: Mr. Chairman, I might advise the committee that the discrimination existing against Canadian products by the North Atlantic Conference has been corrected in part. We are following up other cases of discrimination.

Mr. STEVENS: Probably this will answer my hon. friend's question. Is the British Imperial Shipping Committee, presided over by Sir Halford Mackinder, which was recently in Canada, dealing with this discrimination?

Mr. ROBB: No; but as the result of our representations they are looking into certain complaints.

Mr. STEVENS: That is in connection with the North Atlantic shipping rates?

Mr. ROBB: Yes.

Mr. MILNE: I understand that a committee investigated a shipping combine on the Great Lakes last season, and that the charges were substantiated. Is it the intention of the government to prosecute the offenders?

Mr. MURDOCK: I cannot advise my hon. friend just what the government intend to do further in that matter.

Mr. LEWIS: Will the minister tell us just how far-reaching the Combines Act is? Does it simply cover industries and not ocean freight rates?

Mr. GARLAND (Bow River): It does not reach anywhere.

Mr. MURDOCK: No, it would not have anything to do with freight rates.

Mr. LEWIS: With ocean freight rates?

Mr. MURDOCK: No, it would have nothing to do with ocean freight rates. The interpretation clause of the Combines Act reads as follows:

> The expression "combine" in this act shall be deemed to have reference to such combines immediately hereinafter defined as have operated or are likely to operate to the detriment of or against the interest of the public, whether consumers, producers or others; and limited as aforesaid, the expression as used in this act shall be deemed to include (1) mergers, trusts and monopolies so-called—
>
> (3) any actual or tacit contract, agreement, arrangement, or combination which has or is designed to have the effect of (i) limiting facilities for transporting, producing, manufacturing, supplying, storing or dealing; or (ii) preventing, limiting or lessening manufacture or production; or (iii) fixing a common price or a resale price, or a common rental, or a common cost of storage or transportation.

It has not even been assumed by the Labour department that the Combines Investigation Act would cover an investigation of ocean or lake steamship rates.

Mr. GARDINER: A few minutes ago the minister stated that some of the textile companies were making enormous profits.

Mr. MURDOCK: I know the hon. gentleman does not intend to misquote me. I said that in 1920 the questionnaires filled out by the textile company indicated that they had made profits higher than 300 per cent.

Mr. GARDINER: That is, you did not refer to the same companies as to-day making enormous profits?

Mr. MURDOCK: There is a very great difference between the profits the textile companies were making in 1919-20 and the profits they are making to-day. Many hon. members tell us that the textile companies to-day have been put out of business by the 2½ British preference of last year.

Mr. MILNE: Does not the minister consider a combine on the Great Lakes as detrimental to the public interest as any combine that could be imagined?

Mr. MURDOCK: I would say yes, probably a good deal more so.

Mr. MILNE: Why should not they be included in the Combines Act?

Mr. MURDOCK: They have been held to come under the Trade and Commerce department. As a matter of fact, an investigation was held under the direction of that department and a report made.

Mr. SUTHERLAND: The minister has informed the committee that the protection enjoyed by those trusts, mergers and combines is responsible for the whole trouble we have here.

Mr. MURDOCK: The minister did not say any such thing—certainly not in that way.

Mr. SUTHERLAND: The minister attributed the existence of trusts, mergers and combines to the protection which they are to-day enjoying.

Mr. MURDOCK: Largely as the result of unfair protection.

Mr. SUTHERLAND: In the debate on the Address and in the debate on the budget the tariff was discussed, and now the Minister of Labour has interjected it into his estimates as well. It reminds me somewhat of certain gentlemen down in the Maritime provinces, who shortly after the Liberal government came into power in 1896 referred to the promises which they had made and to their unfulfilment in these words:

> We promised them freedom from tariffs,
> We promised them freedom from toil,
> We promised to break up the robber combines for the tiller of the soil;
> We have helped our friends wherever we could,
> And we have made it rough for our foes,
> But we have saddled the same old robber combines on our Lady of the Snows.

I think this very clearly shows how active the minister has been. He claims that while a member of the Board of Commerce he obtained an intimate knowledge of conditions prevailing at that time. It is rather remarkable that when put in a position of power and authority he has done absolutely nothing to check combines, mergers and trusts. Of the $30,000 that was voted a year ago he has spent only $82.24, and he comes back to-day and asks this House to vote him another $20,000 without giving us any assurance that anything is going to be done to these combines. "No," he said; "the remedy depends on reducing the tariff or removing it entirely." That is really the only remedy he has for ridding the country of the trusts, mergers and combines which have saddled themselves upon us during the last few years. It has been pointed out to him that he has referred to certain research work carried on by his department. Surely if his department has all this intimate knowledge as to these leeches which are sucking the lifeblood from Canadian industry, he is in a position to cure the evil. Surely it is not necessary for him to sit back in his seat and say: "Why, the requisite application over the signatures of six citizens has not come to the department asking for such an investigation." That was not the intention of the act. With the officers of his department it is his duty to investigate, and the research work to which he has been referring ought alone to have placed at his disposal the necessary information—and he has told the committee that he has the information—therefore I think he has been recreant in his duty as minister in not taking steps to put a stop to this condition of affairs. Conditions are not the best in this country, and if the condition exists that the minister acknowledges, then it is the duty of the government to see that the people are afforded relief from it.

[Mr. Murdock.]

Mr. MILNE: There is no doubt about this matter of a combine on the Great Lakes, and I think the minister should give us some assurance that something will be done. I am satisfied, and I think others are too, that this condition still exists on the Great Lakes. Perhaps they are not quite as bold as they were before the investigation, but I suppose when the Minister of Trade and Commerce (Mr. Robb) comes before us with his estimates he will say that it was a matter for the attention of the Department of Labour. I think we should have some definite statement in this regard.

Mr. MURDOCK: That combine on the Great Lakes was regarded as sufficiently important to call for the appointment of a special royal commission to investigate and report.

Mr. COOTE: Was that commission not appointed before we had the Combines Investigation Act?

Mr. MURDOCK: Yes. I think the report of the commission was in before last August.

Mr. SPENCER: To what extent did the government carry out the recommendations of the commission?

Mr. MURDOCK: My hon. friend will have to ask some other member of the government for that information. I suggest that he make inquiry of the Minister of Trade and Commerce when he comes on with his estimates. The matter was under his direction.

Item agreed to.

Progress reported.

INTERIM SUPPLY BILL

Hon. J. A. ROBB (Acting Minister of Finance) moved that the House go into Committee of Supply.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

Mr. ROBB moved:

> That a sum not exceeding $40,871,970.85 being one-sixth 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, 1925, 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, 1925.

Resolution reported, read the first and second time and concurred in.

WAYS AND MEANS

Hon. J. A. ROBB (Acting Minister of Finance) moved that the House go into Committee of Ways and Means.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

Mr. ROBB moved:

Resolved that towards making good the supply granted to His Majesty on account of certain expenses of the public service of the fiscal year ending 31st March, 1925, the sum of $40,871,970.85 be granted out of the consolidated revenue of Canada.

Motion agreed to.

Resolution reported and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 121 for granting to his Majesty certain sums of money for the public service for the fiscal year ending 31st March, 1925.

Motion agreed to and bill read the first and second time, considered in committee, reported, read the third time and passed.

On motion of Mr. Mackenzie King, the House adjourned at 11.55 p.m.

Wednesday, May 21, 1924

The House met at three o'clock.

BANKING AND COMMERCE COMMITTEE

Mr. THOMAS VIEN (Lotbinière) presented the sixth report of the standing committee on Banking and Commerce as follows:

Your committee recommend that the order of reference be enlarged so as to embrace the study and consideration of the purpose, organization and operation of some type of properly administered central or reserve bank.

All of which is respectfully submitted.

He said: I move, Mr. Speaker, that the report be now received and concurred in.

Hon. J. A. ROBB (Acting Minister of Finance): Other duties prevented me from attending the Banking and Commerce committee this morning and as I have not had time to consider the departure that seems to be involved in the motion I would ask that the matter stand.

Motion stands.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SALARY OF SPEAKER'S SECRETARY

Mr. SEGUIN:

1. What was the salary of the Speaker's secretary previous to this office being abolished for reasons of economy?

2. Among the stenographers and typewriters at the service of the Speaker and members, what are the names of those who are employed during the whole year, what remuneration do they receive, what is the nature of their work and for whose benefit are they so employed?

Right Hon. Mr. MACKENZIE KING:

1. $600 per year, plus $5 per day as sessional clerk, and bonus, besides a stenographer, Miss Mansbridge, at $4 per day, and bonus: Total, $4,626.50.

2. The Speaker's secretarial work is now done by: Delphine Barbes at $6 per day and Eva Guérin at $6.50 per day who both belong to the members' stenographers' staff. Minnie McEwen is assigned to the members' correspondence during the whole year and receives $5 per day during sessions and $4 in recess.

CANADIAN NATIONAL RAILWAY EMPLOYEES—DISMISSALS

Mr. BLACK (Halifax):

1. How many Canadian National Railway employees were laid off from work in Halifax county during the months of October and November, 1923?

2. What are the names of those so laid off?

3. Were any of these men re-employed previous to December 5th, 1923?

4. If so, how many and what are their names?

5. Have any of these men been laid off since December 5th, 1923?

6. If so, when were they laid off and what are their names?

Hon. Mr. GRAHAM:

1. 34.

2. R. M. Barrett, George Canfield, George Lee, W. B. Smiley, I. Mezroulle, Joseph Estano, W. Marsden, H. W. Conrad, H. G. Conrad, Esson Leslie, A. T. Gaetz, A. Gates, W. Gates, R. Bambrick, A. Day, K. Dean, Walter Marriott, Wallace Marriott, King McNabb, James Mason, John Mason, Vernon Oicle, Ernest Boutilier, Alexander Langille, William Rayno, Charles Hurshman, Russell Snair, Harry Balsh, Tracey Coolen, Chester Coolen, Charles Miller, A. E Hupman, E. D. Ritchie, C. V. Embree.

3. Yes.

4. 19—R. M. Barrett, George Canfield, George Lee, Joseph Estano, W. Marsden, H. W. Conrad, H. G. Conrad, Esson Leslie, A. T. Gaetz, A. Gates, W. Gates, R. Bambrick, A. Day, K. Dean, Walter Marriott, James

Mason, Harry Balsh, Tracey Coolen, C. V. Embree.

5. Yes.

6. December 8th, R. M. Barrett, Geo. Canfield, Geo. Lee, Joseph Estano, W. Marsden, H. W. Conrad, H. G. Conrad, Esson Leslie, A. Gates, W. Gates, K. Dean, Walter Marriott, Wallace Marriott, Harry Balsh, Tracey Coolen. December 10, A. T. Gaetz, R. Bambrick, A. Day.

RIGHT HON. C. J. DOHERTY

Mr. BENOIT:

1. What amount was paid to the Hon. C. J. Doherty by the Dominion government in the year 1920, for pension, salary, travelling expenses, indemnity and other sums?

2. What amount was paid to the Hon. C. J. Doherty under the same headings during each of the years 1921, 1922 and 1923?

3. On leaving office was he entrusted with legal work by the Dominion government?

4. If so, did he receive a retainer for such work, and what was the amount?

5. Is he still in the employ of the government as solicitor?

6. If so, is he receiving a per diem fee, allowance or salary?

7. Is he likely to be for some time in the employ of the government as solicitor?

8. What is the total amount received by the said Hon. C. J. Doherty from the government for pension, indemnity, salary, allowances, travelling expenses, from the year 1908 until the end of March, 1924?

Hon. Mr. COPP:

Department of Finance:

1. For Pension, fiscal year ended March 31st, 1920, $5,444.32 (14 months).

2. For pension, fiscal year ended March 31st, 1921, $4,666.56 (12 months); 1922, $4,666.56 (12 months); 1923, $4,666.56 (12 months).

3, 4, 5, 6, 7 and 8. No information.

Department of Justice:

1. In 1920-21—

Salary as Minister of Justice	$ 9,250.00
Travel	34.98
	$ 9,284.98

2. In 1921-22—

Salary as Minister of Justice	$ 8,055.53
Travel	123.91
Fee in Labrador boundary	5,000.00
	$13,179.44

In 1922-23, Nil.

In 1923-24, Nil.

3. By order in council dated 25th November, 1921, the Right Hon. C. J. Doherty was named as counsel in the reference to the Judicial Committee of the Privy Council of the question as to the location of the Labrador boundary between Canada and Newfoundland.

4. A fee of $10,000 was authorized to compensate for his retainer and his services in the drafting and preparation of the case, and in addition a per diem allowance of $200 per diem while engaged upon the hearing. The sum of $5,000 has been paid him up to date.

5. He is still employed on the above mentioned case.

6. Answered by No. 4.

7. Presumably until the case is settled.

8.

Travel as judge	$ 282.90
Salary as Minister of Justice	76,636.20
Travel as Minister of Justice	3,196.25
Advance on fee as counsel in Labrador boundary case	5,000.00
	$85,115.35

Department of External Affairs:

1. 1920: League of Nations—Travel: Hon. C. J. Doherty, with secretary and messenger, Sir George Foster and secretary, Hon. N. W. Rowell, $14,645.40.

2. 1921: League of Nations—Expenses of Right Hon. C. J. Doherty and Sir George Perley, delegates to the second meeting of the League of Nations, including two secretaries and one stenographer, $9,403.40.

3, 4, 5, 6, 7. No information in this department.

8. 1919: Peace Conference—Expenses, Hon. C. J. Doherty (including a staff of three) $7.253.86. 1920 and 1921: Answered by answers to Questions 1 and 2.

ATLANTIC PORTS AND FISHERMEN

Mr. LADNER:

1. Has the government by order in council or otherwise closed the Atlantic ports of Canada to the use of fishermen who come from or are citizens of the United States and carry on their business from that country and who are engaged in fishing in Canadian waters, or waters adjacent to Canada?

2. Is it the intention of the government to take similar action with respect to the Canadian ports on the Pacific coast?

3. If the government does not intend so to do what are the reasons for such a decision?

4. Are salmon trollers, who are citizens of or carry on business from the United States, allowed to use the ports of Canada on the Pacific coast?

5. If not, why are not halibut fishermen who are citizens of and carry on business from the United States also refused the use of Canadian ports on the Pacific coast?

6. Does the government intend to take any action with respect to the use of Canadian ports by the said halibut fishermen?

Hon. Mr. CARDIN:

1. Under the Treaty of 1818 inhabitants of the United States are allowed to enter Canadian ports for wood, water, shelter, and repairs

only, except on a specified portion of the Atlantic coast where they have the liberty of fishing in common with British fishermen. Chapter 47 of the Revised Statutes of Canada provides that the Governor in Council may authorize the issuing of licenses to United States fishing vessels on the Atlantic coast conferring additional privileges on them; but as no such authority has been granted for the present year, United States fishermen are restricted to their privileges under the Treaty of 1818.

2. Not at present.

3. The conditions existing on the Pacific coast are different from those on the Atlantic.

4. No.

5. The order in council authorizing the special privileges on the Pacific coast contemplates the issuing of the licenses to United States vessels and not to trolling boats. Such licenses would give the United States trolling boats on most portions of the coast an unfair advantage over Canadian trollers.

6. Matter under consideration.

SOREL SHIPYARDS

Mr. DOUCET:

1. What were the disbursements for office staff of the Sorel shipyards during fiscal years 1921-22, 1922-23 and 1923-24?

2. What were the disbursements for wages of mechanics and labourers at Sorel shipyards during the same periods respectively?

Hon. Mr. CARDIN:

1.

Office Staff	Salaries	Cost of Living Bonus
1921-22	$30,660 50	$5,967 22
1922-23	32,535 05	5,815 06
1923-24	35,284 36	6,409 02

2. Mechanics and Labourers.

	Wages	Cost of Living Bonus
1921-22	$242,683 56	$945 00
1922-23	318,418 90	630 00
1923-24	260,619 42	Nil

REV. C. W. GORDON

Mr. DUFF:

1. In what capacity was Rev. C. W. Gordon, otherwise known as Ralph Connor, attached to the Canadian Expeditionary Force?

2. On what date did he join, and how long was he attached to the said force?

3. What leave of absence was given to him, and for what periods?

4. What amounts of money were paid to him in the different years in which he was attached to the force, giving the amount paid in each year and for what periods?

5. What amount, if any, was paid to him as gratuity on retirement?

6. What amounts were paid on his account for separation allowance?

7. What was the total amount paid him, and what is the position of his account at the present time?

Hon. Mr. MACDONALD:

1 and 2. Captain in 43rd C.E.F., 18th December, 1914 to 29th April, 1915, Chaplain, 30th April 1915. 4 years, 3 months, 28 days.

3. (a) Special leave England to Canada to accompany his brother (Lt. Col. A. R. Gordon, C.A.M.C., who required serious operation) 14-7-15 to 27-8-15.

(b) Regular leave France to England, 22-6-16 to 29-6-16.

(c) Special leave England to Canada 15-12-16 to 15-2-17; subsequently extended to 8-5-17.

(d) Canada 9-5-17 to 29-7-17.

(e) Canada, without pay and allowances, 30-7-17 to 31-8-17.

Note: Most of the period covered by (c), (d) and (e) was occupied by Major Gordon in delivering addresses at patriotic meetings throughout Canada and the United States.

(f) Canada by order in council (P.C. 2606) from 1st September, 1917, for special work at the request of the chairman of the British War Mission. This leave was terminated by demobilization 15th April, 1919.

4.

1914—18-12-14 to 31-12-14—		
Pay, 14 days at $3 per day	$ 42 00	
Field allowance, 14 days at 75c. per day	10 50	
Subsistence, 14 days at $1.50 per day	21 00	
		$ 73 50
1915—1-1-15 to 30-6-15—		
Pay, 181 days at $3 per day	543 00	
Field allowance, 181 days at 75c. per day	135 75	
Subsistence to morning of 29-5-16, 148½ days at $1.50 per diem	222 50	
1-7-15 to 11-11-15—		
Pay, 134 days at $3 per day	402 00	
Field allowance, 134 days at 75 c. per day	100 50	
Messing, 134 days at $1 per day	134 00	
12-11-15 to 31-12-15—		
Pay, 50 days at $4 per day	200 00	
Field allowance, 50 days at $1 per day	50 00	
Messing, 50 days at $1 per day	50 00	
		$ 1,837 75

1916—1-1-16 to 14-12-16—

Pay, 349 days at $4 per day	1,396 00	
Field allowance, 349 days at $1 per day	349 00	
Messing, 349 days at $1 per day	349 00	
15-12-16 to 25-12-16—		
Pay, 11 days at $4 per day	44 00	
Field allowance, 11 days at $1 per day	11 00	
26-12-16 to 31-12-16—		
Pay, 6 days at $4 per day	24 00	
Field allowance, 6 days at $1 per day	6 00	
Subsistence, 6 days at $1.50 per day	9 00	
		2,188 00

1917—1-1-17 to 29-7-17—

Pay, 210 days at $4 per day	840 00	
Field allowance, 210 days at $1 per day	210 00	
Subsistence, 210 days at $1.50 per day	315 00	
S. O. S. 29-7-17—T. O. S. 1-9-17		
1-9-17 to 31-12-17—		
Pay, 122 days at $4 per day	488 00	
Field allowance, 122 days at $1 per day.	122 00	
Special subsistence allowance under Order in Council No. 2606 dated 19-9-17, 122 days at $10 per day.	1,220 00	
Christmas grant	25	
		3,195 25

1918—1-1-18 to 31-12-18—

Pay, 365 days at $4 per day	1,460 00	
Field allowance, 365 days at $1 per day.	365 00	
Special subsistence allowance, under Order in Council No. 2606 dated 19-9-17, 365 days at $10 per diem.	3,650 00	
		5,475 00

1919—1-1-19 to 4-2-19—

Pay, 35 days at $4 per day	140 00	
Field allowance, 35 days at $1 per day	35 00	
Special subsistence allowance under Order in Council No. 2606 dated 19-9-17, 35 days at $10 per diem	350 00	
1919—5-2-19 to 15-4-19—		
Pay, 70 days at $4 per day	280 00	
Field allowance, 70 days at $1 per day	70 00	
Subsistence, 70 days at $1.70 per day	119 00	
		994 00
		$13,763 50

5.

War service gratuity—

Officer	$915 00	
Dependent	300 00	
		$1,215 00

6.

Separation allowance—18-12-14 to 11-11-15—

$40 per month	$ 432 00	
12-11-15 to 31-7-19—		
$50 per month	2,230 00	
		$2,662 00

7.

Total amount paid officer	$14,678 50	
Total amount paid dependent	2,962 00	
		$17,640 50

Account at present shows an overpayment to officer's dependent of $227.

GEORGE WILSON

Mr. DOUCET:

1. Why is the lighthouse keeper of Mistook wharf at Delisle, in the electoral district of Chicoutimi-Saguenay, Quebec, George Wilson, a resident of the city of Montreal?

2. By whom was he recommended?

3. Does the government intend to name a resident of the locality for the position?

Hon. Mr. CARDIN:

1. No information. He lives in the neighbourhood of the lights during the season of navigation. No check is kept on his movements when his services are not required.

2. He was appointed by the Civil Service Commission as a result of local competition.

3. If a vacancy occurs the Civil Service Commission will doubtless appoint a resident of the locality.

TORONTO VIADUCT

Mr. CHURCH:

1. Has a report been received by the government from Sir Henry Thornton strongly recommending the

carrying out of the contract for the construction of a railway viaduct at Toronto and asking for an immediate decision by the government and for funds and for power to immediately proceed with the work?

2. What is the exact terms of the recommendation in question?

3. What action has been taken or will be taken by the government?

4. Will a copy of the reply of the government be laid on the Table of the House, and when?

Hon. Mr. GRAHAM: In reference to the question:

Has a report been received by the government from Sir Henry Thornton . . . What is the exact terms of the recommendation in question?

The information was laid on the Table at the request of the hon. member on May 1. As to the question:

What action has been taken or will be taken by the government?

I answer: Under consideration. In regard to the fourth query:

Will a copy of the reply of the government be laid on the Table of the House, and when?

A copy of the reply to the Minister of Railways is laid on the Table now:

May 14th, 1924.

Dear Sir HENRY THORNTON:

I understand the contents of the letter written me by you on April 9th re the Toronto viaduct have been given out in Toronto. I find I cannot lay my hand on copy of any reply sent you but there certainly should have been an acknowledgment, at least. On the day after the receipt of your letter, if I mistake not, a large deputation from the city of Toronto waited on the government and expressed their views from every angle. The Prime Minister reviewed at length the conditions. Since that date, however, conditions have been somewhat changed possibly by the fact that it has come to my notice the Harbour Commission has entered action against the railways and the city of Toronto.

At the present moment I am awaiting a full statement of the case, legally and otherwise, from the Canadian National Railways. When that is received, consideration will be given by the government as to the next step to be taken.

Yours sincerely,

GEO. P. GRAHAM.

Sir HENRY THORNTON, K.B.E., President,
Canadian National Railways,
Montreal, Que.

CANADA AND THE BRITISH BUDGET

Mr. CHURCH:

1. Have any representations been made to His Majesty's government of Great Britain regarding the British preference and the damage done to Canada from its withdrawal or part of it as per the recent British budget?

2. What representations, if any, were made to the British government on the question so as to protect Canada's interests, and what action does the government propose to take in the matter?

3. What damage has been done to Canadian industries in the new budget re the British preference, and what communications, if any, have been received or made by the government on the question?

Right Hon. Mr. MACKENZIE KING: I think I should draw the attention of the House to the character of this question. The first clause reads:

Have any representations been made to His Majesty's government of Great Britain regarding the British preference and the damage done to Canada from its withdrawal or part of it as per the recent British budget?

The last clause is:

What damage has been done to Canadian industries in the new budget re the British preference, and what communications, if any, have been received or named by the government on the question?

These two questions contradict each other. I do not think that as at present drafted the question is in proper form to present to the House: It would involve a reflection by one government upon another within the British Empire. I think it should be withdrawn.

Mr. GRAHAM: And the opinion of one government might not be the opinion of another.

Mr. MEIGHEN: The question might be re-drafted and presented in more acceptable form.

Mr. SPEAKER: Dropped.

DOMINION ARSENAL, QUEBEC

Mr. LAVIGUEUR:

1.(a) How many employees of the Dominion arsenal, Quebec, were recently suspended, (b) What are their respective names, addresses, date of appointment, and (c) Why were they suspended?

2. Were the dismissed employees of the Dominion arsenal, Quebec, the last ones employed?

Hon. Mr. MACDONALD:

1. (a) 32.

(b) G. Parent, Beauport, Carpenter Shop, May, 1917.

L. Boilard, St. Louis St., Carpenter Shop, February, 1924.

E. Derose, Papineau St., Foundry Dept., June, 1920.

A. Boulanger, Franklin St., Foundry Dept., April, 1916.

H. Cantin, Desdeniers St., Foundry Dept., August, 1916.

A. Metivier, Dorchester St., Foundry Dept., September, 1916.

G. Racine, 3rd Avenue, Foundry Dept., August, 1917.

Paul Samson, Levis, Cartridge Factory, February, 1924.

A. Gignac, Lechevrotiere St., Cartridge Factory, February, 1924.

L. Blouin, St. Olivier St., Cartridge Factory, February, 1924.

P. H. Fortier, Arago St., Cartridge Factory, July, 1923.

H. Lheureux, Duroi St., Cartridge Factory, July, 1923.

J. Giroux, Beauport, Shell Factory, December, 1919.

L. LaRoche, Colomb St., 18 Pr. Plant, February, 1924.

L. Brousseau, Duporche St., 18 Pr. Plant, February, 1924.

O. Fleury, Hermine St., 18 Pr. Plant, February, 1924.

E. Brousseau, DuPorche St., 18 Pr. Plant. February, 1924.

A. Mercier, Cote da la Montagne, 18 Pr. Plant, February, 1924.

J. Buisson, Cote de la Montagne, 18 Pr. Plant, February, 1924.

A. Godbout, Colomb St., 18 Pr. Plant, February, 1924.

E. Tanguay, St. Valier St., 18 Pr. Plant, March, 1924.

W. Jourdain, Champlain St., 18 Pr. Plant, February, 1924.

W. Thibault, Lavigueure St., 18 Pr. Plant, March, 1924.

Mrs. M. Bedard, Bagot St., Inspection Dept., August, 1923.

Y. Thibault, Victoria St., Inspection Dept., August, 1923.

M. Morrissette, Champlain St., Inspection Dept., August, 1923.

M. A. Marois, St. Germain St., Inspection Dept., August, 1923.

Y. Jobin, Arago St., Filling Factory, February, 1921.

G. Asselin, 9th St., Filling Factory, February, 1921.

D. Trepanier, Levis, Filling Factory, February, 1924.

A. Thibault, Levis, Filling Factory, February, 1924.

Mrs. England, McMahon St., Office, November, 1923.

(c) Owing to lack of work.

2. Yes, all suspended employees were juniors in their respective departments.

CANADIAN NATIONAL RAILWAYS—EARNINGS

Mr. WARD:

What percentage of the net earnings of the Canadian National Railways for the year 1923 was made between the head of the Great Lakes, or Armstrong division, and the Rocky mountains?

Hon. Mr. GRAHAM:

1. Railway accounting methods do not permit of this information being obtained.

REPARATION CLAIMS

Mr. CARROLL:

1. Have any reports or decisions been given by Commissioner Pugsley on the reparation claims before him?

2. If not, when are the decisions expected?

3. What is the amount at the present time of the sequestrated property?

Hon. Mr. COPP:

1. No reports have been made and no decisions arrived at by the commissioner. He has however, heard 528 claims aggregating $31,295,619.99, and there are 622 claims aggregating $11,065,044.84 still to be heard.

2. No reports will be given until the commissioner has heard all the cases.

3. Nominal value of securities in the possession of the custodian and owned by enemy nationals:

	$	£	Fr.
(a) Surrendered by Germany..	4,235,016 26	57,188- 2-6	256,500 00
(b) Handed over by public trustee of England..	376,865 00	62,319- 0-0	
(c) Received from other sources.. ..	648,930 00	1,032-11-2	
	5,260,811 26	120,539-13-8	256,500 00

Disposal of real property	
(a) Amount already received...	$ 194,007 51
(b) Amount outstanding under agreement for sale..	330,239 17
(c) Value of unrealized property..	103,396 00
Cash Balance:	
(a) Balance in bank..	$3,831,968 14
(b) Amount invested in treasury notes..	200,000 00
	$4,031,968 14

Credit balance due from Germany:

Germany has admitted owing by way of Clearing Office operations the sum of £687,728-15-8.

Credit balance due from the Canadian Pacific Railway Company, $2,043,031.39.

EXPERIMENTAL FARM REPORTS

Mr. PRITCHARD:

1. How many reports of branch experimental farms and experimental stations were published for the year 1922?

2. What was the number of copies in English and French, respectively, for each branch farm or experimental station?

3. What was the cost of printing each of these reports in English and French, respectively?

Hon. Mr. MOTHERWELL:

1. 20 reports.

2 and 3.

Report	Number English	Number French	Cost English	Cost French
Charlottetown, P.E.I.. .	8,000	1,100	$ 544 00	$ 381 84
Kentville, N.S..	7,500	1,500	676 07	404 59
Nappan, N.S..	10,000	1,500	1,017 93	590 58
Fredericton, N.B..	8,000	1,500	720 16	
Ste Anne de la Pocatière.	3,000	4,000	196 68	
Lennoxville, Que..	15,000	6,000	744 54	423 37

Report	Number English	Number French	Cost English	Cost French
Cap Rouge, Que..	4,000	15,000	624 21	1,255 95
Kapuskasing, Ont.. .. .	7,500	2,500	785 11	555 13
Brandon, Man..	7,000	500	1,237 01	563 81
Morden, Man..	10,000	1,500	839 31	
Rosthern, Sask..	10,000	1,000	766 97	
Scott, Sask..	12,000	500	1,079 72	435 34
Swift Current, Sask.. .	7,500	1,000	238 67	
Lethbridge, Alta..	16,000	1,000	1,038 66	392 32
Lacombe, Alta..	18,000	1,000	1,638 16	640 40
Summerland, B.C.. .. .	10,000	1,000	954 14	
Agassiz, B.C..	12,000	1,200	735 06	
Invermere, B.C..	10,000	1,000	398 53	
Sidney, B.C..	4,000	1,000	545 05	
Experimental Sub-stations..	7,000	2,000	1,099 65	

In some cases, the account for printing the French edition has not yet been received by the department.

GRAND RIVER BRIDGE—YORK

Mr. SENN:

1. Has the Department of Public Works disposed of a quantity of lumber which was placed at the Grand River bridge at York some time ago to be used in repairing the flooring of the bridge?

2. If so, in what manner was this lumber disposed of, to whom, and what price was received for same?

Hon. Mr. KING (Kootenay):

1. No.

2. Answered by No. 1.

GROSS INCOME TAX, 1924

Mr. SPENCER:

1. What was the gross income tax collected for the year ending 31st March, 1924?

2. What was the net income tax collected for that period?

3. What was the cost of collecting the same in each of the provinces of Alberta, Saskatchewan and Manitoba?

Hon. Mr. ROBB:

1.

Income Tax..	$54,204,027 99
Business Profits Tax..	4,752,680 89
Total..	$58,956,708 88

2.

Total collected..	$58,956,708 88
Less cost of collection.. ..	1,935,274 96
	$57,021,433 92

3.

Provinces	Salaries, bonuses and other expenses
Alberta..	$ 98,936 45
Saskatchewan..	163,201 66
Manitoba..	105,144 41

MOTION FOR PRODUCTION OF PAPERS

Hon. Mr. STEVENS moved:

For a copy of all reports received from the officer commanding the Royal Canadian Mounted Police, Vancouver, regarding the violation of the Opium and Narcotic Drug Act, during the years 1920 to 1924, inclusive.

Hon. Mr. LAPOINTE: I regret to be obliged again to object to the production of these papers. The order calls for information which is of a confidential character and which it would be subversive of public interest to disclose. Apart from these general reports, monthly reports are received from the officer commanding the police describing the work done in connection with the enforcement of the Narcotic Drug Act. Even these are of a confidential nature. But I am quite willing to let my hon. friend use such files as he thinks contain information which he would like to have. I must, however, oppose the motion for the production of these papers.

Mr. STEVENS: All I ask is for the production of such records as it is proper to produce.

Mr. SPEAKER: Carried as amended.

PRIVILEGE—MR. GARLAND (Bow River)

On the Orders of the Day:

Mr. E. J. GARLAND (Bow River): Mr. Speaker, I rise to a question of privilege. I was absent yesterday when the House met, having to keep an important appointment. However, my attention has been called to some remarks by the hon. member for Bellechasse (Mr. Fournier), who read from the Ottawa Journal the following words:

Mr. Fournier, of Bellechasse, absent from House (though in Ottawa) without a pair.

Then he said:

Thursday morning I had an urgent call to go out of town. I made arrangements to leave Friday morning at 6.55, and I kept my engagement. Had it not been for some of my hon. friends, particularly the hon. member for Bow River (Mr. Garland), I would have had ample time to vote and my vote would have been recorded as in favour of the budget.

I must respectfully decline, Mr. Speaker, to allow the hon. member to use my name under these circumstances as an excuse for his not being present and voting. It was through no desire of my own that I was compelled to speak at that late hour, but I exercised my undoubted privilege in so doing. May I suggest that had the hon. member arranged a pair all this trouble would have been avoided?

PRIVILEGE—HON. MR. BUREAU

On the Orders of the Day:

Hon. JACQUES BUREAU (Minister of Customs and Excise): Mr. Speaker, since my

hon. friend from Bow River (Mr. Garland) has called attention to the matter, I see something quoted in Hansard about the "Liberal revolt," in which my name is mentioned as being one of the rebels. I am not a rebel and never have been. A man must be lacking something to insinuate that I was opposed to the budget. I took my seat in the evening and stayed for some time, but eventually, being sick and tired, I went home to bed. I was sure the budget would carry by the biggest majority given to any budget in the history of the country.

TORONTO VIADUCT

On the Orders of the Day:

Mr. T. L. CHURCH (North Toronto): The reply to-day of the Minister of Railways and Canals (Mr. Graham) and his answer to-day to question No. 15 on the same subject are technically not correct. The production of papers shows that Sir Henry Thornton wrote on April 9, last, forwarding a strong legal opinion of Mr. Gerald Ruel, chief counsel for the Canadian National Railways, that the system is by contract liable legally and every other way for this contract, and strongly urging action and funds to carry it out, and urging immediate consideration. The answer to question No. 15 is wrong also because the litigation mentioned has been contemplated for years and was started many weeks before the recent deputation was here. I would like to find out from the minister when he will give the House a definite answer and what will be done.

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): The only letter the Minister of Railways received from Sir Henry Thornton on this matter was laid on the Table on the first of May at the request of my hon. friend.

HECTOR CELEBRATION

On the Orders of the Day:

Mr. ALEXANDRE J. DOUCET (Kent, N.B.): Mr. Speaker, with reference to order of the House No. 140 stating:

> That the proper officers do lay before this House a return showing the detailed expenditure of the money voted by parliament of Canada at the last session for the Hector celebration at Pictou, Nova-Scotia.

The answer received yesterday was:

> I have the honour to inform you that so far as the Department of National Defence is concerned we have no information.

Now, Mr. Speaker, I submit that when the House—

[Mr. Bureau.]

Mr. SPEAKER: Order. The hon. member cannot discuss the answer to a question. His proper course is to put another question.

Mr. DOUCET: Mr. Speaker, may I ask the minister when he will take steps to secure the information asked for by order of this House?

Hon. E. M. MACDONALD (Minister of National Defence): The payment referred to had no connection with the Department of National Defence, but with the Department of Finance. The answer given is absolutely correct so far as my department is concerned.

GREAT LAKES SHIPPING COMBINE

On the Orders of the Day:

Mr. L. P. BANCROFT (Selkirk): Mr. Speaker, I would ask if the government, in view of the suspicion that traffic on the Great Lakes is still controlled by a combine, intends to suspend the coastal laws in an endeavour to meet the situation?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The matter has not been considered as yet. I undertake to say that it will be considered.

IMMIGRATION

On the Orders of the Day:

Mr. FRANK S. CAHILL (Pontiac): Mr. Speaker, I have in my hand a despatch which appeared in the Ottawa Journal this morning and in which the Duke of Connaught is reported as having said in London on the 20th instant:

> I often regret the large number of foreigners from Slav and Eastern European countries emigrating to Canada. What we would like to have in western Canada is English, Norwegian and Swedish people, who make the best immigrants and, coming from civilized countries, are accustomed to our habits.

I wish to ask the Minister of Immigration (Mr. Robb) if he can devise some means of informing public men in England that immigration into Canada is a Canadian question and should be dealt with in Canada.

Mr. ROBB: I have not read the article referred to. The government have been endeavouring to increase the flow of British immigrants to Canada, and, following that policy, have arranged for preferential rates from the British Isles to Canada. Regarding the latter part of my hon. friend's question, perhaps at the same time I might advise some Canadians that it is the British government's business to manage affairs in Great Britain.

CIVIL SERVICE SUPERANNUATION

Hon. J. A. ROBB (Acting Minister of Finance) moved that the House go again into committee on the following proposed resolution:

Resolved, that it is expedient to bring in a measure to provide for the superannuation of civil servants, to provide for contributions by civil servants to the consolidated revenue fund, to provide for payment out of the consolidated revenue fund to civil servants and to the widows and children of deceased civil servants of superannuation allowances or gratuities, and to provide for the making of regulations by the Governor in Council to give effect to the terms of the said measure.

Sir HENRY DRAYTON: Explain.

Mr. ROBB: The bill to be introduced will be based upon the recommendations of a special committee that had this matter under consideration at the last session of parliament. Hon. members will recall that that committee reported to the House on the 22nd of June last year, too late for consideration of the report at that session. On that occasion the Prime Minister promised that consideration would be given to the matter this session. We had hoped to bring down the bill a little earlier, but owing to the debate on the budget it has been delayed. It is now proposed that after the bill is introduced it shall be referred, with the concurrence of the House, to a special committee, possibly the same committee that considered the matter at the last session.

When the bill was first printed it was intended that it should come into force on the 1st of July this year, but as it has been somewhat delayed the committee may in their judgment change the date. That will be a matter for further consideration. I submit that the whole matter might very well be left to the committee.

Mr. MARCIL (Bonaventure): May I ask the minister whether the Calder Act is to be extended for another year? That is important in view of the fact that under this measure civil servants will be called upon to select either one plan or the other. The time is so short now that I think the Calder Act should be extended for another year.

Mr. GAUVREAU: Let this one pass first.

Mr. MARCIL (Bonaventure): Has any decision been arrived at on the subject?

Mr. ROBB: It has been suggested that after we have the report of the committee the Calder Act might be extended so as to carry on a little further. We will leave it to the committee to determine.

Motion agreed to and the House went into committee on the resolution, Mr. Gordon in the chair.

Mr. MEIGHEN: The minister said a moment ago that he was going to leave it to the committee to decide whether or not the Calder Act should be extended?

Mr. ROBB: No, I think my hon. friend misunderstood me. I said that the committee might consider it and that when we had their report we could discuss whether it was advisable to defer the Calder Act or to set forward the date upon which this act should come into force—perhaps provide that it should come into force the day following the expiration of the Calder Act; we might extend the Calder Act for six months or a year. We shall be able to determine that after the committee have considered the whole measure. We will see what progress the committee make and then the government will take the responsibility of fixing the date.

Mr. MEIGHEN: Can the minister give us the information that was asked for when we were previously in committee on this resolution, namely what is expected to be the annual cost to the country, or say the average cost for the first five years and the anticipated cost for the second five, or such periods as those for which the minister may have the information systematized?

Mr. ROBB: As my right hon. friend knows, the cost to new entrants will be 5 per cent of the payroll; the civil servants pay 5 per cent and the government pay 5 per cent, so it is impossible to determine exactly what the cost will be without knowing how many will transfer. It is estimated that if all transfer, the cost to the government will be about $1,435,000 a year in respect of future service.

Mr. MEIGHEN: That would be the government's contribution to the fund?

Mr. ROBB: Yes.

Mr. MEIGHEN: That $1,435,000 must be 5 per cent of the present civil service salary total?

Mr. ROBB: I imagine so.

Mr. MEIGHEN: Is that the case? If not, what percentage of the total does that $1,435,000 represent? I apprehend it could not represent 5 per cent of the grand total, because certain of the civil servants are under other schemes. I presume the minister means that only those can come under this bill who are not under these other schemes. But, assuming that all come under this measure who are not under the other schemes, then the government's contribution will be $1,435,000. Am I right in that?

Mr. ROBB: My understanding is—and I am bound to say that I am speaking only from memory—that the other schemes will be merged with this one. There are now a certain number under the other schemes. It will be a matter for the civil servants themselves to consider; I understand that they are willing that all shall be merged. The memo I have is that if all transfer, the annual cost to the country in respect of future service will be $1,435,000.

Mr. MEIGHEN: Does the minister say that the total civil service list of Canada comprises a pay-roll of only $28,000,000?

Mr. ROBB: I have not figured it up. That is the memorandum I have from the Superintendent of Insurance.

Mr. MEIGHEN: I have not looked it up for some time, but I think the minister is wrong there—

Mr. ROBB: We can thresh that out in committee.

Mr. MEIGHEN: —I think he is not only wrong, but very far wrong.

Sir HENRY DRAYTON: Can the minister tell us how it is proposed to handle this? For example, we are told that all classes of civil servants will be included. Of course it would not apply to military pensions; they are not in the nature of superannuation. But apart from the military pensions there are a large number of military superannuations. Would they be brought under this scheme?

Mr. ROBB: I would not think so.

Sir HENRY DRAYTON: They would be kept out. Then we have the judicial superannuations; would they be brought in?

Mr. ROBB: I would not think so.

Sir HENRY DRAYTON: Again, we have the old scheme which has not yet run out, in connection with which there is, I think, a balance of $1,200,000 odd. On what basis will that be brought in? How can it be brought in? Can the minister give us some general idea as to how we can bring into a new scheme which has no balance to its favour a fund to which the civil servants have been contributing in the past for a large number of years, and now have as a trust fund standing in their favour and amounting, if my memory is right, to $1,200,000 odd?

Mr. ROBB: It can only be brought in by the government appropriating an amount equal to the amount that is in those funds now.

[Mr. Meighen.]

Sir HENRY DRAYTON: That is what I would think. So that, in addition to the charge of $1,435,000 there would also be an initial payment equal to the sum which is now to the credit of the civil servants in those funds.

Mr. ROBB: A book-keeping payment.

Sir HENRY DRAYTON: It would really be more than merely book-keeping. It would be an obligation.

Mr. ROBB: It would be an obligation.

Sir HENRY DRAYTON: An obligation just as real as those Canadian National Railway bonds; it would be something real. My hon. friend says it should be doubled. Why doubled? Would it not depend upon the ratio between those already covered by the existing schemes and those coming into the new scheme? I would not think you could handle it by the rough-and-ready way of doubling the balance.

Mr. ROBB: My hon. friend might be right about that. There is Superannuation Fund No. 1., with 614 contributors, and salaries of $1,443,668; and Superannuation Fund No. 2 with 189 employees, and salaries of $416.980. The total of the Retirement Fund approximates, $12,000,000.

Sir HENRY DRAYTON: I do not think the mere rule-of-thumb of doubling the figures would work.

Mr. ROBB: The committee will thresh all that out.

Mr. STEVENS: Before this resolution goes out of the committee, there is one point that I think should be considered. If I am not mistaken the legislation based upon this resolution must conform with the resolution in principle. Now the resolution only provides for the introduction of a measure: First, to provide superannuation, second, to provide for contributions by civil servants; and third, to provide for payments out of the consolidated revenue fund, and so forth. But the resolution does not provide that under the new system to be inaugurated by the bill there shall be power to consolidate any of the old funds. I do not think it should be made obligatory, because those interested ought to have some option in the matter; but at least there ought to be provision in the bill making it optional. Now the question is whether this resolution is broad enough to provide for that contingency.

Mr. ROBB: I think it is intended to be.

Mr. STEVENS: But it is not, if I understand the procedure correctly. As I understand it, you cannot introduce a principle in-

to a bill that has not been agreed to in the resolution preceding it; I think I am perfectly sound in that view. And my opinion is that this resolution ought to be amended so that the legislation to be introduced could incorporate such a clause. I do not know what is now in the legislation, but I apprehend from a reading of this resolution that such provision is not made in the legislation based on this resolution.

Mr. ROBB: If there is any doubt about it, and my hon. friend has an amendment to suggest, I would be disposed to consider it.

Mr. STEVENS: It is more a technical question for the Minister of Justice, for instance, to advise on.

Mr. ROBB: The bill has been considered by the department of Justice.

Mr. STEVENS: If that point has been considered and settled by the Justice department, then it is all right. I quite understand that the Justice department would declare this resolution in order, but the point is whether it goes far enough.

Mr. BUREAU: You have the principle here in favour of superannuation, and that ought to include everything that is necessary to bring it about.

Mr. STEVENS: There are other things besides merely providing for superannuation. We have three funds, I think.

Mr. BUREAU: But they are all for the same purpose of providing superannuation.

Mr. STEVENS: Not necessarily. There are funds under different acts.

Mr. BUREAU: But they are all for the same purpose. If you are buying an apple it does not matter which pocket you take the money out of to pay for it.

Mr. STEVENS: I doubt very much if the legislation based on this resolution will accomplish what I have pointed out to the committee. I will leave it at that.

Mr. ROBB: The memorandum given me by the Superintendent of Insurance, who has carefully considered the legal aspects of the whole matter, says:

> Provision is made in the bill for the voluntary transfer to the new scheme of members now contributing to these funds, and the cost to the government in respect of those members who transfer will be made up of two parts:
>
> 1. The government's contributions in respect of their future service, and
>
> 2. The initial liability assumed by the government in respect of their past service for which, with the exception of Superannuation Fund No. 2, the government has made no contribution.

Mr. EVANS: As five per cent of the wages of the civil servants are to be contributed to this superannuation fund, I would ask the minister what rights have the civil servants to this five per cent they contribute should they leave the service before the superannuation age arrives? Or, if they depart this life, will their relatives benefit under this scheme, and how?

Mr. ROBB: That is all provided for in the bill, which is based upon actuarial experience. I imagine the committee will fully consider that feature of it.

Mr. CRERAR: The resolution provides for the civil servants contributing to the consolidated revenue fund. Now, is it the intention of the legislation that the contributions made by the civil servants shall be paid into the consolidated revenue fund, or is there to be some special fund created to which the civil servants and the government will contribute, such a fund to be invested, perhaps, and the earnings from it added to that fund?

Mr. ROBB: It will have to be properly ear-marked and kept separate. It will have its own special fund.

Sir HENRY DRAYTON: Would my hon. friend go on reading the memorandum?

Mr. ROBB: The memorandum continues:

> With reference to No. 1, it may be stated that the cost to the government for future service will be 5 per cent of the pay-roll. The difficulty arises in estimating how many will transfer and the annual salaries attaching to their positions. If all transfer, it will be seen that the government's contribution of 5 per cent would amount to approximately $1,500,000. This would not mean that this amount would have to be actually disbursed, but would have to be dealt with in the same way as the contributions in respect of new entrants; that is, it would have to be recognized, ear-marked and set aside to meet the future liability. It should be pointed out that for the fiscal year 1922-23 the income of the Retirement Fund was $2,123,735 including interest, while the payments from the fund amounted to only $324,225, and the income of Superannuation Fund No. 2 was $194,953 including $101,000 transferred from consolidated revenue fund, and the payments from the fund amounted to but $36,326.87.

The accounts are kept separately.

Sir HENRY DRAYTON: Yes, they are kept separately, but I am not sure my hon. friend is right when he says these are particularly ear-marked and invested. I think that is the point the hon. member for Marquette (Mr. Crerar) was making. I think we are just carrying this thing as part of the consolidated fund. As I recollect it the ear-marking is a matter of book-keeping, and the interest granted is the current rate of interest which the government have to pay

for money. The moneys are ear-marked for the purpose but beyond that nothing special is done with them.

Mr. ROBB: The money is properly ear-marked so that the amount is kept separate.

Mr. MEIGHEN: What is the contemplated amount in the supplementary estimates to take care of next year's obligation in respect to this?

Mr. ROBB: Nothing has been considered yet. My right hon. friend means the supplementary estimates—

Mr. MEIGHEN: For this year.

Mr. ROBB: We have no supplementary estimates under consideration yet.

Mr. MEIGHEN: But there will be some?

Mr. ROBB: Do not urge that too strongly. Do not remind any person that there may be supplementary estimates.

Mr. MEIGHEN: What fund would the minister take it out of?

Mr. ROBB: I imagine provision will have to be made if the committee report in favour of the resolution.

Mr. MEIGHEN: I should think so. The estimate of a million and a half per year is based, of course, on an annual civil service list of thirty millions. This must be the minister's estimate of the civil service list aside from temporary employees. The act is not to apply to temporary employees at all?

Mr. ROBB: No, I would not think so.

Mr. MEIGHEN: Is not the proportion of civil servants who are temporary employees very large?

Mr. ROBB: I should not like to get into a controversy over that.

Mr. MEIGHEN: The figures are easily ascertainable. The number of each class is known within very close approximation.

Mr. ROBB: Yes, but very conflicting. The real basis for an estimate of the number of civil servants is the cheques that are issued monthly.

Mr. MEIGHEN: Well, I suppose that is one way of estimating, but each department has a list of its civil servants. The minister says there is a conflict as to who are temporary and who are permanent?

Mr. ROBB: No, as to the total number of employees.

[Sir Henry Drayton.]

Mr. MEIGHEN: There may be as to the exact number, but we could tell pretty closely. Are there not temporary employees who have been in the service for over ten years?

Mr. ROBB: I think so.

Mr. MEIGHEN: How does the government distinguish the one class from the other?

Mr. ROBB: I imagine that will be considered in the bill to be presented.

Mr. MEIGHEN: I do not see it. The bill is here and imagination does not help much when cold print is before you.

Mr. ROBB: That might be considered by the committee.

Mr. CRERAR: Has my right hon. friend a copy of the bill?

Mr. MEIGHEN: I just have the introduction copy that I got from the Clerk.

Resolution reported, read the second time and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 122, to provide for the superannuation of civil servants.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall the bill be read a second time?

Mr. ROBB: Now, with the unanimous consent of the House.

Mr. COOTE: Have copies of the bill been printed and distributed?

Mr. ROBB: The bill has been printed and is ready for distribution.

Mr. COOTE: I think we should object to the second reading until copies of the bill are in the hands of hon. members.

Mr. SPEAKER: The bill has not been distributed and objection has been taken to the second reading now. Motion stands until the next sitting of the House.

WAYS AND MEANS

CUSTOMS TARIFF ACT, 1907, AMENDMENT

The House in committee of Ways and Means, Mr. Marcil (Bonaventure) in the chair.

1. Resolved, That the Customs Tariff, 1907, be amended by adding after paragraph (d) of section four the following as paragraphs (e) and (f) of section four:

(e) Extend the benefit of the British preferential tariff to any territory administered under a mandate of the League of Nations by any British country to which British country the benefit of the British preferential

tariff has been extended; and from and after the publication of such order in council in The Canada Gazette the British preferential tariff shall apply to goods the produce or manufacture of such territory, subject to the provisions of this act.

(f) Withdraw the benefit of the British preferential tariff from any territory administered under a mandate of the League of Nations which has received said benefit; and from and after the publication of such order in The Canada Gazette, the general tariff or the intermediate tariff, as mentioned in the said order, shall apply to goods the produce or manufacture of such territory subject to the provisions of this act.

Sir HENRY DRAYTON: Would the minister be kind enough to tell us to what countries he proposes by order in council to extend the preference, and from what countries he intends by order in council to take the preference?

Mr. ROBB: This is done at the request of the Prime Minister of New Zealand. Under the League of Nations treaty, Samoa is now under the mandate of New Zealand. That is the only country at the moment to which this applies.

Sir HENRY DRAYTON: That would have to do with the first question. That would allow the British Preference to be extended to Samoa, as that country is under the mandate of New Zealand with whom we have this reciprocal arrangement. So we may look upon the resolution as extending the preference to Samoa?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: What trade has the minister in view in connection with Samoa?

Mr. ROBB: While this is granted at the request of New Zealand, I imagine the trade will not be very great. There will be a trade in fruits, or cocoa which we may import from there, and some of our products now going to New Zealand will be admitted into Samoa at the New Zealand preference rates. There are no countries from which the preference will be withdrawn at the moment; we have simply taken authority to withdraw.

Sir HENRY DRAYTON: We may take it then that the produce of Samoa is similar to that of the West Indies?

Mr. ROBB: It might be.

Sir HENRY DRAYTON: Well, is it? I think this House should have some idea as to what extension of trade we are going to get and on what articles.

Mr. ROBB: It is a fair assumption to say that they are similar to the West Indies or the Fiji Islands.

Sir HENRY DRAYTON: We have no preference with the Fiji Islands, but we have with the West Indies. What does Samoa export, for example, and what does she import?

Mr. ROBB: They will export coconuts, cocoas, some fruit. And they buy our canned fish. They do not buy Canadian butter; they buy the products that usually go to a tropical country. The hon. gentleman is in error regarding Fiji. We have a preferential tariff with Fiji.

Mr. STEVENS: The Fiji preference is a subject I have been very much interested in for a long time. Has an arrangement been recently consummated with Fiji which has been under contemplation for quite a time, including the question of adequate transportation?

Mr. ROBB: I think they have the benefit of the Canadian British preference, and we have whatever preference the Fiji islands give. My hon. friend will be interested in transportation to and from Fiji. The treasurer of the colonial government of Fiji is now in Ottawa, and has been for some days, negotiating with some transportation companies for a better service as between Fiji islands and the Pacific coast and Canada, and, he tells me, with some hope of success.

Mr. STEVENS: I am delighted to hear it, and I hope the government will facilitate matters to its utmost, because a very excellent trade with Fiji may be developed. What is required is an improvement in transportation. I understand however, that the preference arrangement, so far as duties are concerned, is the previous or the old arrangement, not the new arrangement.

Mr. ROBB: No.

Mr. BAXTER: Is this power of extension and withdrawal under the Customs Act exercised by the minister or by the government by order in council?

Mr. ROBB: Under section 4 of the Customs tariff it is by order in council. The whole government must take the responsibility for it.

Mr. BAXTER: It is not intended to put it on the basis of something else we have had this session, namely the dumping clause. Why should this matter require action by the whole government, and why should the dumping clause be put in the hands of a single minister?

Mr. ROBB: The clause has been many years in our customs tariff.

Mr. BAXTER: It was passed only two years ago, and I would have thought that considering the facility with which the dumping clause could be applied and could be withdrawn, it would be applied again. It would rather commend itself to the government in connection with the preferential tariff. It really seems impossible for me to understand why, for the very small trade which would take place with Samoa, for instance, that you would require all the efforts of the combined governor in council to extend or withdraw the preferential rate, while you could have the trade relations of Canada with the entire world affected by the simple dictate of the Minister of Customs.

Mr. MEIGHEN: I agree with the hon. member for St. John (Mr. Baxter) that it is pretty hard to understand. There is a lot more of it that is hard to understand. You require to have an order in council to extend the leave of absence of a clerk, but you can switch the rates of duty on natural products up and down under the act of two years ago, or you can switch it up and down under the dumping clause under the act of 1907 by the mere will and caprice of a minister.

Mr. McMASTER: I think the hon. member voted for it when it was before the House.

Mr. MEIGHEN: I was not in the House when it was passed.

Mr. McMASTER: Oh, yes.

Mr. MEIGHEN: That is the natural products provision. I protested against it, but it was a question between that and making desolation of the Okanagan, and I had to take the best I could get. Sometimes when we have an incompetent government we have not a very good choice. Is there anything in these resolutions not included in the resolutions presented to the House at the time the budget was introduced and the various amendments that have followed to date?

4 p.m.

Mr. ROBB: There were three resolutions presented, were there not? April 10th, April 14th, and April 30th, I think. They are all in here, I understand.

Mr. MEIGHEN: We have had only three budgets, besides two dumping clauses. Outside of these three changes, is there anything else? Have the new series of changes started yet?

Mr. ROBB: No.

Mr. CRERAR: They are all in the right direction.

[Mr. Robb.]

Mr. MEIGHEN: That is what they say down in Almonte.

Resolution agreed to.

2. Resolved, That it is expedient to amend The Customs Tariff, 1907, by adding at the end of section five thereof as enacted by chapter forty-two of the statutes of 1923 the following proviso:

Provided that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom, the value for duty shall not include the amount of the customs duty payable on tea for consumption in the United Kingdom.

Sir HENRY DRAYTON: Can the minister tell us what the duties on tea are today, and what the effect of the remission of duties will be?

Mr. ROBB: It will be seven per cent preferential, ten per cent intermediate and ten per cent general.

Sir HENRY DRAYTON: That is not answering the question. What duties are collected under the law as it now stands, and what will be the duties under this resolution? That is a matter of value and not of amount.

Mr. ROBB: This is to enable them to get ten per cent off the rate.

Sir HENRY DRAYTON: The English duty is ten per cent, is it?

Mr. ROBB: No, under the resolution of last year tea of a certain price entering Canada was not entitled to the ten per cent reduction. My hon. friend will remember that a full ten per cent was introduced last year on goods coming into Canadian ports. Under the tariff as applied in Great Britain, it deprived Canadians of the benefit of that ten per cent. This is to make it clear, and provide for it.

Sir HENRY DRAYTON: I do not think the minister is properly instructed in connection with that. This has only to do with the question of teas purchased for Canada by Canadian purchasers from England. The ordinary law is that the value would be based upon the value of the tea in Great Britain. The change that is made has nothing to do with seven, eight, five or any other per cent. This change is reducing the value of that tea for Canadian customs purposes, as shown by the minister's own resolution, by the amount of duty paid in England. I want the concrete information as to how the change works out on a pound of tea.

Mr. ROBB: It will depend upon the value of the tea. My hon. friend must understand that under the resolution last year, certain tea entering Canada was not entitled to this ten

per cent reduction, and we want to make it clear that they will get this ten per cent reduction coming to Canadian ports.

Mr. MEIGHEN: If the minister's idea of the resolution is all right, mine is all wrong. Is it not this, that heretofore in estimating the value of tea imported into Canada through Great Britain the value, for duty purposes, was taken to include not only the import price into Great Britain but, as well, the very high duty added to the import price, that is to say, the British duty? With this resolution passed, that import value into Canada will be the import price into Great Britain, excluding the duty into Great Britain. If that is so, then is it not merely a matter of percentages to ascertain what the loss of revenue will be? If the minister knows what the revenue was last year then, assuming that we shall import the same amount of tea this year, he can tell us what we shall lose.

Mr. ROBB: I have not that information before me.

Mr. CRERAR: What is the duty on tea imported into Great Britain?

Mr. McMASTER: It has been substantially reduced by the last British budget.

Mr. LEWIS: Does not this resolution mean that the Canadian people will have to pay a double duty, the duty which the British people pay, and our own duty?

Mr. ROBB: No. The duty on tea going into Great Britain, I may say, has been reduced from 8 pence to 4 pence a pound.

Sir HENRY DRAYTON: Is the duty specific or ad valorem?

Mr. ROBB: It is a straight duty.

Mr. MEIGHEN: What we shall lose will be our duty applied to that 4 pence?

Mr. ROBB: Yes; 4 pence is the British duty now.

Mr. MEIGHEN: And our loss of revenue will be the present duty as applied to that four pence over the whole import. It will be easy to calculate what the loss will be. I am astonished that the advocates of a revenue tariff should rejoice over that.

Mr. JACOBS: It will encourage our people to drink more tea.

Mr. ROBB: It will encourage the importation of tea from Great Britain. Of course, we could bring it in direct from India.

Mr. CRERAR: What is the duty on tea entering Canada from Great Britain now?

Mr. ROBB: It is 7 cents, under the British preference.

Mr. STEVENS: Some of the large tea importers contracted for the purchase of great quantities of tea from British houses. As I understand the amendment the invoice of such imports now will not include the British duty price.

Mr. MEIGHEN: It do not think the resolution should carry until we know what we shall lose in revenue. The minister evidently does not expect to be Minister of Finance a year from now, because he does not seem to have the slightest concern as to where we are to come out.

Mr. ROBB: I will have the information procured for my right hon. friend.

Sir HENRY DRAYTON: Are there any considerable number of Canadian tea importers buying in the English market or is the buying confined to one large house?

Mr. ROBB: There are many Canadian houses importing tea into Canada.

Sir HENRY DRAYTON: Certainly there are. We have those that do business regularly on the Pacific and there are others that buy in India. I am referring to English purchasers who are the only ones that benefit at all by this resolution. Is it the practice for Canadian buyers to purchase from one large concern?

Mr. ROBB: I do not quite understand the question.

Sir HENRY DRAYTON: I think everyone else understands it.

Mr. MEIGHEN: Is not the English business pretty much Mr. Larkin's business?

Mr. ROBB: I understand his largest warehouses are in Colombo and Boston.

Mr. MEIGHEN: Yes, but he blends in Great Britain and sells here. It is practically his business only that is affected.

Mr. ROBB: Not at all.

Mr. CRERAR: I fail to see what on earth that has to do with the question we are considering. The plain reading of the resolution is that the duty collected on tea imported from Great Britain will be reduced by the percentage of our duty that was chargeable on the duty paid on the tea entering Great Britain. It simply means that we are going to be able to get our breakfast tea a little cheaper than before.

Mr. McMASTER: And afternoon tea as well.

Sir HENRY DRAYTON: How much cheaper?

Mr. CRERAR: The ex-Minister of Finance asks how much. I am not concerned particularly with the extent of the reduction but I do know that the tea will be cheaper, and that is of interest to me although I am not a heavy tea drinker.

Mr. ROBB: The leader of the opposition inquired a moment ago as to the revenue. The duty collected in 1922-23 on tea imported direct from the United Kingdom was $475,000—I omit the hundreds—and the duty collected on tea direct from India was $1,027,000. We shall lose in revenue about $47,000 which will go to the Canadian people.

Mr. MEIGHEN: Will it?

Mr. ROBB: I hope so.

Mr. MEIGHEN: Is not the English exporter to Canada in competition with the others? All he has to do is simply to sell at such a price as will get him his share of the business. Can the minister see what he will reduce it for? The minister said a moment ago, frankly, and he was right, that this will tend to increase the amount of tea coming in. But inasmuch as the exporters from Great Britain have to compete only against those who are selling from other countries not affected by this resolution at all there will be very little incentive for them to reduce the price.

Mr. LEWIS: Is there any duty at all on tea in the United Kingdom when it is there in bulk? If there is not, what is the value of this resolution? Of what value is the resolution if tea is bought in bond in the United Kingdom?

Mr. ROBB: Under the customs laws they are compelled to add the duty to the value of tea coming into Canada.

Sir HENRY DRAYTON: My hon. friend, I know, wants to be frank. Surely he will see that the only tea affected by this is tea imported into England, mixed there, and shipped to Canada. Is not that true?

Mr. ROBB: That is a fair conclusion; but in the administration of the act the duty is added.

Sir HENRY DRAYTON: Yes; but the only activity which is at all affected by the law as it stands, apart from this resolution, is the mixing and blending of tea in Great Britain. Before this resolution was brought in tea could be imported into Great Britain in bond if it had not to be blended. If tea was imported into Great Britain in bond, having paid no duty, it would not be subject to the provisions of the act so far as the English duty is concerned; no duty would have been paid. The only one who benefits under this change is the merchant, the mixer, who blends tea in Great Britain. Certainly tea is not grown there. It is also true that the tea so blended in Great Britain comes into direct competition with tea from the Orient, from China, India and other Asiatic countries whose tea is not subject to this provision as the English article is. Am I right?

Mr. ROBB: Based on my hon. friend's own statement, does he object to this legislation? Would he not put the Britisher in as good a position as the man who operates in China or India?

Sir HENRY DRAYTON: I am just asking if I am right.

Mr. ROBB: Fairly right.

Sir HENRY DRAYTON: Then if I am, what justification is there for the claim that this will reduce the price of tea to the Canadian consumer, when the minister shows that the great bulk of the tea imported is imported direct and is not subject to the additional value of the British duty?

Mr. BUREAU: You have to get your invoices through England.

Mr. ROBB: I will not press that. I gave this in answer to my hon. friend.

Sir HENRY DRAYTON: Let us see who is right, the Acting Minister of Finance (Mr. Robb) or the Minister of Customs (Mr. Bureau).

Mr. BUREAU: What are you driving at, anyway?

Sir HENRY DRAYTON: I want the figures as to the importations of tea, first, from Great Britain and, secondly, from other countries.

Mr. BUREAU: The tea may be imported from other countries but the invoice is sent from Great Britain.

Mr. LEWIS: Has it been the custom of the department to add the British duty on tea coming from Great Britain to this country?

Mr. BUREAU: We took that off last year.

Mr. McMASTER: Mr. Chairman, is the situation not this, that, prior to the introduction of this legislation, when tea came

into Canada the price which was taken in order to assess the duty was the price of the tea laid down in Great Britain, plus the British duty on it?

Mr. ROBB: That is right.

Mr. McMASTER: For instance, if $100 worth of tea came into Great Britain, and $40 duty was placed upon it, when that tea arrived here we would place our duty upon $140.

Sir HENRY DRAYTON: Certainly.

Mr. McMASTER: That being the case, is there any possible objection to this legislation? It says: When we value tea for duty purposes we are going to value it merely on its import value and not on its fictitious market value, which has been arrived at by placing on top of the invoice price the British duty. It seems to me it is very wholesome legislation. Now, endeavouring to look at the dark side of things, the leader of the opposition (Mr. Meighen) and the ex-Minister of Finance (Sir Henry Drayton) say: Oh, the people of Canada are not going to get the benefit of this reduction, it is going to be all absorbed by the men who draw supplies of tea from Britain into Canada; they are the people who are going to get the benefit, and not the Canadian tea-consuming public. I think I am right in describing that as their attitude. The hon. member for West York (Sir Henry Drayton) nods his head in approval. Now, are they right in that? According to the figures, last year, $147,000 was collected on tea which came from Great Britain.

Sir HENRY DRAYTON: No, $497,000.

Mr. McMASTER: There was collected $475,000 on tea which came to Canada via Great Britain, and which therefore bore for duty purposes in Canada the additional British duty; and there came directly tea on which the duty amounted to $1,027,000. Therefore, roughly speaking, we got 40 per cent of our tea via Great Britain and about 60 per cent direct.

Mr. MEIGHEN: You are away out; it would be more like 30 and 70 per cent.

Mr. McMASTER: Let us say 30 and 70 —I do not think it affects the argument which I propose placing before the committee. If 30 per cent of the tea supply of Canada by this change can be cheapened, it is quite possible, and quite probable, that that tea will be reduced in price, and that the other tea which comes direct must follow its price downward, and the possibility is that we will get all our tea somewhat cheaper. What may happen is that the price of tea will be between the lowest and the highest price. I trust I have made myself clear to the committee, that this reduction may operate to reduce the price not only of tea which arrives via Great Britain, but of tea which arrives direct. Therefore it seems to me there can be very little objection to this legislation, except possibly on the ground of loss of revenue. That loss of revenue may not occur. I take it that tea and coffee are what we might term competitors in the temperance market, so to speak; the temperance people drink tea or they drink coffee.

Mr. JACOBS: My hon. friend drinks ginger ale.

Mr. McMASTER: But ginger ale does not come in competition with tea and coffee. The point I make is that if tea is reduced even slightly in price, that slight reduction may increase the consumption to a very substantial extent, and thus the amount of tea duties collected at the lower rate may be as great or greater than before. These considerations, I think, will include most people in this House to regard this as wholesome legislation.

Mr. MEIGHEN: Starting at the hon. gentleman's last point first, he says that tea and coffee are competitors in the temperance market, and that the reduction in the price of tea will cause more tea to be drunk.

Mr. McMASTER: And the same loss on coffee.

Mr. MEIGHEN: So, obviously, he loses as much on the one hand as he gains on the other. I will not pursue that further. Coming to his first point, that this will mean a reduction in price of English tea blends, and consequently force a reduction in the price of other teas, this is entirely correct provided the purpose of the British exporter to Canada is to get tea as low as he can to the Canadian people. But if his purpose is to make all the money he can out of the business, the price of our tea will remain precisely what it is now. I would not want to say that there will be absolutely no change, but the change will be so slight in the one direction, and will be absorbed so fully in the other, that the beneficiary of this legislation is not hard to discern.

Mr. STEVENS: The interjection of the Minister of Customs (Mr. Bureau) a moment ago rather disturbed my mind as to the question I had asked the Acting Minister of Finance (Mr. Robb) when the Minister of Customs was not in his seat.

Mr. BUREAU: I am sorry I disturbed you.

Mr. STEVENS: I should like confirmation from him, because to my mind this is an important point. Am I correct in saying—and the Minister of Customs by his large experience will be able to answer this question—that tea contracted for with a British firm whose head office is in London, the invoices and bills and statements for which are sent from London to the Canadian importer, but the tea itself is shipped direct from Ceylon or India or other point of production,—has that tea in the past, in so far as invoices for duty purposes is concerned, carried the addition of the British duty?

Mr. BUREAU: Tea sold by the Englishman has always carried that addition.

Sir HENRY DRAYTON: Although it never saw England?

Mr. BUREAU: Although it never saw England.

Sir HENRY DRAYTON: I should like to see the law which supports that.

Mr. STEVENS: I am not quibbling over this. This is a practical question which has been before the government for some time and with which I have had to deal myself. Does the legislation which the minister now introduces relieve that importer from the addition of the English duty on tea which is still imported from the point of production and never touches Great Britain? The resolution says:

> Provided that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom—

It would appear from this that only such tea as was carried to England, was there in bond and was re-exported to Canada would be favoured by this legislation. Am I right in that?

Mr. BUREAU: It must be in bond in England, yes.

Mr. STEVENS: Then this legislation does not meet the previous case I put?

Mr. BUREAU: There has been some discussion about that previous case; the legislation is designed to prevent that. Tea can be purchased from an English exporter, in his warehouse in bond, without the payment of duty on the duty the Englishman would have to pay because he re-exports it.

Mr. STEVENS: And it applies also to the previous case I mentioned, where only the invoices were despatched from London, the tea being shipped from Ceylon or India, the point of production.

Mr. BUREAU: That would not be bought in bond in England.

Mr. STEVENS: That is exactly where we are not clear, and it is exactly what the legislation is intended to do. During the past year the customs authorities have imposed a duty upon tea imported from India which never saw England at all.

Mr. ROBB: No.

Mr. STEVENS: The minister says "no," but I am right.

Mr. JACOBS: How could a duty be imposed on goods that never went to England at all?

Mr. STEVENS: That is the anomaly of the whole thing. That is where those who take the view that I do claim there is an injustice.

Mr. JACOBS: If it never touched the shores of Great Britain how could there be a duty on it?

Mr. STEVENS: Because it was invoiced from London, and the customs authorities of Canada collected a duty not only on the invoice price of the tea but on the invoice price plus the British duty of 8 pence per pound although the tea never touched Great Britain at all.

Mr. ROBB: I think my hon. friend is wrong, because it is a specific duty that is on tea, so much a pound.

Mr. STEVENS: It does not matter whether the duty is specific or ad valorem. The British duty was a specific duty of 8 pence per pound, now 4 pence.

Mr. ROBB: But the Canadian duty?

Mr. STEVENS: I am not talking about the Canadian duty, and I am sure I am not wrong. The Minister of Customs sees the point of my remarks. What I want to be clear on is that this clause covers that case, relieves the Canadian importer of that added duty. It is intended to do so, is it not?

Mr. BUREAU: Surely it is.

Mr. STEVENS: Then if it does not actually do so I suppose later on we may come back to the minister, show him Hansard, and say that this legislation was intended to give that relief.

Mr. BUREAU: It is so intended.

Mr. ROBB: I think my hon. friend must misunderstand his information, because the duty on tea coming into Canada is so much a pound. It is possible that in the case referred to the import was not entitled to the 10 per cent rebate granted last session. That is what we want to cure, because under the legislation of last session there is this proviso:

Provided further that this discount shall not apply in the case in which the duty does not exceed 15 per centum ad valorem.

Some of the tea coming into Canada under the existing British laws did not come under that provision, and we want to cure that.

Mr. STEVENS: That is not what I am talking about at all. The Minister of Customs, I know, understands my point, and I think, agrees with me, but apparently the Acting Minister of Finance does not. I am accepting the assurance of the Minister of Customs that this legislation does cover the point.

Mr. ROBB: All right.

Mr. BUREAU: It is intended to.

Sir HENRY DRAYTON: I think we should really try to find out what the facts are. One minister does not agree with the other, and I do not know which minister is right.

Mr. BUREAU: Oh yes, we agree.

Sir HENRY DRAYTON: My hon. friend (Mr. Stevens) thinks the Minister of Customs is right. Well, he may be, or perhaps the Acting Minister of Finance is right. Suppose we assume—and I hope it is not a rash assumption—that the Minister of Customs knows how his department is administered, we have the fact that goods that never see England but are sold by English houses are valued for duty purposes as if they had gone to England and as if the English tax had been paid upon them. Now, am I right in that?

Mr. BUREAU: Well, you know whether you are right or not.

Sir HENRY DRAYTON: I am asking the minister; I am not responsible for this legislation. Now, let me repeat; and I hope the minister will listen to me this time. The practice of the Customs department has been to value tea shipped from Ceylon direct to Canada and invoiced from a London house as if it had gone to Great Britain and paid the British duty. Am I right?

Mr. BUREAU: It paid 7 cents preferential duty.

Sir HENRY DRAYTON: Now let us try to find out where we are. There was a specific English duty of 8 pence per pound, now reduced to 4 pence per pound. The practice of the Customs department was to add for the purposes of valuation 8 pence per pound as being the amount of the British duty, although that tea may have come direct from Ceylon to Canada and merely been invoiced by a British exporter. Am I right?

Mr. BUREAU: Well, you say the British duty was 8 pence?

Sir HENRY DRAYTON: Yes.

Mr. BUREAU: If it is 8 pence you are right. I do not know whether it is or not.

Sir HENRY DRAYTON: If that practice is right, the present provision relieves tea of this extra valuation only when it is purchased in bond in the United Kingdom. Surely the right thing to do would be to put all these shipments on the same basis. That is not done, and anyone who takes the trouble to read this resolution, unless, perhaps, he is one of the ministers, will agree that I am right.

Mr. BUREAU: That you can charge the tea that did not go to England?

Sir HENRY DRAYTON: No, my hon. friend has not the point at all. I despair of getting anything into his head this afternoon.

Mr. BUREAU: My hon. friend is despairing of something that is very easy.

Sir HENRY DRAYTON: I know, but I am losing faith.

Mr. JACOBS: I think I rather agree with the ex-Minister of Finance on this thing. If there is to be a reduction on these goods coming in bond from England, a fortiori if they never went to England at all the reduction ought to apply. It seems only reasonable.

Mr. STEVENS: I know this is a very technical point, and the only reason I speak upon it with any confidence is that I have been through it all with the officials of the Customs department. It has been discussed for some months. It might be well for the minister to allow this resolution to stand until his expert advisers in the Customs department consider that very point and see that it is properly covered in this resolution. I doubt very much if this resolution covers anything except tea that is actually carried to Great Britain in bond, and then re-exported from Great Britain to Canada, whereas it should cover goods purchased and invoiced in Lon-

don but shipped from Ceylon to India or some other British point to Canada. It should cover that as well as the other, and if it does not, this legislation is not very effective at all.

Mr. BUREAU: There have been a couple of cases where mistakes have been made by the officers, but the duty paid was refunded.

Mr. STEVENS: That may be true, but does this legislation correct the situation?

Mr. BUREAU: It is supposed to correct it.

Mr. STEVENS: That is the anxiety I have. I am afraid it does not, and that is why I am rather insistent upon this point.

Mr. ROBB: I do not think we can make it any clearer than it is now.

Sir HENRY DRAYTON: Does the government object to an amendment something along this line:

Provided that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom or tea purchased through British exporters but shipped from the country of origin to Canada direct—

Mr. ROBB: We cannot accept that.

Sir HENRY DRAYTON: Why?

Mr. ROBB: It could not be properly administered that way.

Sir HENRY DRAYTON: Then let us just understand where we are. This is simply and solely something which is done to look after the man who is doing his mixing in London. It is not something which is done for the trade generally; it is not something which is done in ease of the general Canadian situation. I ask my hon. friend, can he seriously say it is just for purposes of valuation to add this British duty on tea that has never seen Britain, and then when it is taken to Britain and pays the duty, to take it off? It is ridiculous.

Mr. ROBB: Let me draw the attention of the House to the provision of last year which was put in to meet the wishes of the hon. member for Vancouver Centre. It takes care of the whole position we have been debating:

Provided that goods entitled to the benefits of the British preferential tariff shall be entitled to the discount authorized by this section, when such goods are shipped on a through bill of lading consigned to a consignee in a specified port in Canada, when such goods are transferred at a port of a British colony or possession not enjoying the benefits of the British preferential tariff, and conveyed without further transshipment into a sea or river port of Canada.

[Mr. Stevens.]

Mr. STEVENS: I want the minister to understand that I am not criticising this clause; I want to support it, but what I want to point out to the minister is that upon that very clause he has just read the officials of the Customs department have placed an interpretation which resulted in adding to the invoice of the very goods mentioned in that clause the amount of the British duty on that tea which never touched England, because they claimed the tea was invoiced from London, the head office or the central office of the vendors. Now these Canadian companies who are blenders and distributors of tea are very, very large distributors on the Pacific coast and in the United Kingdom, and when they found that this British duty was added to their invoices they complained. Then I understand that this clause was put in the resolutions to fully meet the case. From a reading of this clause I would interpret it, and I think such an eminent lawyer as my hon. friend from George Etienne Cartier (Mr. Jacobs) will agree with me, to limit the application of the clause to tea that is purchased in bond in the United Kingdom. Now that certainly would not include tea that is purchased in England, but actually shipped from Calcutta or Ceylon or some other place.

Mr. ROBB: My colleague the Minister of Customs has frankly admitted that in the early days of the operation of this new clause there was a mistake made in one or two cases, but the minister discovered it and authorized a refund. The ruling is now as my hon. friend wants it to be. May I point out that the clause is very clear. It makes no reference to shipments from the United Kingdom. It says:

Provided that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom—

I should think that makes it quite clear, and as my hon. friend wants it. I would prefer not to make any change.

Mr. COOTE: This discussion is very mystifying to most members of the committee. I would ask the minister to explain just why he makes this new regulation, which reads:

In computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom—

When I look up the Customs tariff I can find no ad valorem duty on tea at all. The duty is given under tariff item 28a as follows:

Tea imported direct from the country of growth or production, and tea purchased in bond in the United Kingdom per pound, 7 cents, 10 cents, 10 cents.

There is no ad valorem duty. Then 29a provides:

Tea not otherwise provided, per pound, 10 cents, 10 cents, 10 cents.

Now what is the real purpose of this new regulation?

Mr. ROBB: Under the legislation of last year there was 10 per cent added to the British preference on goods entering through Canadian ports direct.

Mr. COOTE: Would not that be simply 10 per cent of the specific duty? It is not an ad valorem duty.

Mr. ROBB: If my hon. friend will allow me to continue, there was a provision put in the legislation of last year that if the duty, 7 cents a pound, when computed to an ad valorem basis, was not 15 per cent, this additional 10 per cent did not apply. I will read the clause:

Provided further that this discount shall not apply in the case in which the duty does not exceed 15 per centum ad valorem, or in the case of a specific duty or a specific and ad valorem duty combined in which the computed rate does not exceed fifteen per centum ad valorem—

Some goods came below and were not entitled to the 10 per cent. It is to cure that, we are bringing in this legislation.

Mr. COOTE: If we had had that explanation at the start I think this item might have been passed already.

Mr. ROBB: I imagine my hon. friend was not in the House.

Sir HENRY DRAYTON: In order to make this perfectly clear I am going to ask my hon. friend to point out why we should not say in plain words what I understand he admits we are doing. The amendment that I wanted him to consider was this:

Provided that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom or tea purchased through British exporters but shipped from the country of origin to Canada direct—

and so forth. We have already got that. For the life of me I really fail to see why, when we already have that principle active in so far as the 10 per cent is concerned, we ought not to have the same principle recognized as regards the valuation. I submit my hon. friend ought either to stick to that or reconsider it.

Mr. ROBB: I am not prepared at this moment to accept the amendment offered by my hon. friend. This recommendation has been prepared in consultation with the officers of the department who administer the act, not with the intention of favouring any special person but purely and solely to clear up an ambiguity in the act and give to the British exporter, or blender if you will, and to the Canadian people, the advantages of the 10 per cent discount of last year. However, I will meet my hon. friend in this regard: He can prepare his amendment and I will submit it again to the officers of the department who will have to administer the act.

Sir HENRY DRAYTON: All right.

Mr. ROBB: My hon. friend has been administering acts and he knows that it is the officers who understand how they work out.

The CHAIRMAN: Shall the resolution carry?

Mr. ROBB: No, it stands. If my hon. friend will give me the amendment I will consult the customs officers about it and see how it works out.

Resolution stands.

3. Resolved, That Schedule A to The Customs Tariff, 1907, as amended by chapter twenty-six of the statutes of 1914, chapter nineteen of the statutes of 1922 and chapter forty-two of the statutes of 1923, be further amended by striking thereout tariff items: 275, 445, 445a, 446, 446a, 446b, 447a, 447b, 448, 448a, 448c, 449, 450, 453b, 591, 663, 682, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of said items, and to provide that the following items, enumerations and rates of duty be inserted in Schedule A:—

On item 275:

Sir HENRY DRAYTON: Will the minister tell us what item 275 means, and what was collected under it last year?

Mr. ROBB: We are striking out the word "petroleum." The change will permit an oil called "Scotch blast furnace oil" free entry. The revenue is very small.

Sir HENRY DRAYTON: How does the present item read?

Mr. FORKE: It is dangerous stuff if it is Scotch blast furnace oil.

Mr. ROBB: The present rate is 15 per cent.

Sir HENRY DRAYTON: How does the present tariff item read though?

Mr. ROBB: The word "petroleum" is struck out. That permits the admission of "Scotch blast furnace oil."

Item agreed to.

On item 445:

Sir HENRY DRAYTON: What is the change there?

Mr. FORKE: It has to do with mowing machines and harvesters.

Mr. STEVENS: Is this the point where we should discuss this item 445, dealing with mowing machines, harvesters, binders and so on?

Mr. ROBB: Perhaps we could discuss that item when we come to the duties on those implements. These are just items that are being struck out.

The CHAIRMAN: We are striking out these different items, we have not come to the duty items yet. Shall the item carry?

Sir HENRY DRAYTON: I do not think we can get along as quickly as that because the minister cannot replace these items without making considerable change. We are entitled to know what is being dropped and the reason why.

Mr. ROBB: The present item reads:

Mowing machines, harvesters, self-binding or without binders, binding attachments, reapers and complete parts thereof—

Sir HENRY DRAYTON: What were the old rates?

Mr. ROBB: The old rates were 7½ per cent, 10 per cent and 10 per cent. It is now proposed that the rates shall be: Free, 6 per cent, 6 per cent. The estimated reduction in revenue is $21,863.

Sir HENRY DRAYTON: What was the actual amount collected last year, or do the figures just given represent the amount actually collected?

Mr. ROBB: The estimated reduction in revenue is $21,863.

Sir HENRY DRAYTON: Can the hon. gentleman tell me what was collected under the British preference last year of 7½ per cent?

Mr. ROBB: No I have not that information separately.

Sir HENRY DRAYTON: Surely my hon. friend can tell us whether anything was collected or not?

Mr. ROBB: We will look it up. However, I admit at once, if it will lessen my hon. friend's anxiety, that there was a very small amount collected under the British preference.

Sir HENRY DRAYTON: My present anxiety is to find out what the truth is, what the real purpose is, that is all.

Mr. ROBB: There was nothing collected under the British preference.

[Sir Henry Drayton.]

Sir HENRY DRAYTON: I see, so we have nothing whatever collected under the British preference under item 445. Now, under the intermediate tariff what was collected?

Mr. ROBB: Nothing under the intermediate tariff.

Sir HENRY DRAYTON: So the whole amount was collected under the general tariff item?

Mr. ROBB: The general tariff.

Sir HENRY DRAYTON: What countries would that refer to besides the United States if any?

Mr. ROBB: I think the United States would be the only country.

Sir HENRY DRAYTON: Yes, that is the fact. So that all the imports under tariff item 445 came from the United States? Now, what was the total amount collected under the general tariff under this item?

Mr. ROBB: We have estimated $21,863 as the reduction of revenue.

Sir HENRY DRAYTON: Well, perhaps that will do. That is the loss of revenue?

Mr. ROBB: Mowing machines, $23,123.

Sir HENRY DRAYTON: We have had two figures given. My hon. friend said first $21,863 and now he says $23,123.

Mr. ROBB: Mowing machines from the United States, duty collected, $2,405.49.

Sir HENRY DRAYTON: On what?

Mr. ROBB: On mowing machines. Then on the harvesters and selfbinders from the United States the duty collected was $25,-714.03. On binding attachments from the United States the duty collected was $1,799.50, and on reapers the duty collected was $222.20.

Sir HENRY DRAYTON: Is that all?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: What is the total result?

Mr. ROBB: I have not added it up.

Sir HENRY DRAYTON: Figuring roughly and quickly, I make it $30,141.22. On what basis is the loss calculated?

Mr. ROBB: The difference between ten per cent and six per cent.

Sir HENRY DRAYTON: How would that work out if these figures are right?

Mr. ROBB: Perhaps I did not give my hon. friend the revenue loss on parts.

Sir HENRY DRAYTON: These figures cannot be right and that basis correct.

Mr. ROBB: I will give my hon. friend the parts. The figures for agricultural implements under tariff item 445 are as follows:

From the United Kingdom	$ 2 50
From France	3 00
From Denmark	3 20
From Sweden	954 50
From United States	26,742 24

Sir HENRY DRAYTON: You take what you actually brought in last year and apply the reduction to it, and it gives you a resultant loss of $21,863?

Mr. STEVENS: One of the reasons given for this change is that it is going to make a substantial saving to the consumer, and the justification, as far as the manufacturer is concerned, is that he gets a corresponding or compensating reduction in certain raw materials entering into the manufacture of the goods. With a little assistance, and with absolutely authentic price lists for the last ten years, I have made some computations here which certainly are interesting to me, and which I believe will interest hon. members of the House; and if the Chairman will permit me, I will include in this item, mower, binder, and farm wagon. I take the binder first, and I am taking what is looked upon as a standard article, a seven-foot binder, on the basis of two annual October payments. I am simply taking the price list and not discussing cost as delivered at any special point. This is the price list issued presumably the eastern price list, but in any event the comparison is all on the same basis.

Mr. CALDWELL: Will that be f.o.b. the manufacturer?

Mr. STEVENS: I would not say that. These would be the entered prices. I will read this and give it to Hansard, so that it will appear in proper shape. I will not violate the rules of the House by inserting in Hansard anything which I do not deal with here. The figures are as follows:

—	1916 May 1	1916 Dec. 1	1917 Dec. 1	1918 Dec. 1	1919 Dec. 1	1920 Dec. 1	1920 Dec. 1	1921 Dec. 1	1923 Feb. 21	1923 Nov. 1	1924 Apr. 11
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
7 ft. Binder, 2 Oct. 1st payments	139 00	155 00	216 00	230 00	227 00	247 00	293 00	235 00	243 00	264 00	251 00
Farm Wagon, 3½ arm, tires 3 x ½, 2 payments, 6 and 12 months	69 50	74 50	96 00	109 50	110 50	125 00	147 50	119 50	119 50	126 00	119 00
6 ft. Mower, 2 Oct. payments	61 00	65 00	88 00	91 00	89 00	98 50	122 50	99 00	101 50	108 50	103 50
Bar iron and steel per 100 lbs. base price	2 27	2 41	3 34	4 11	2 98	3 32	3 73	2 52	3 52	3 14	2·92

Now, referring to the case of the binder, I would ask hon. members to note that after November, 1923, came the budget and we have a reduction on April 11, after the budget to $251. The reduction made in price on account of sales tax and duty changes in the budget of April 10 is $13, from the November, 1923. The actual reduction of sales tax and duty amounts to $24. On this basis the price to-day is $11 higher than it was on the last list of November 1, 1923. That ought to be borne in mind. As a matter of fact, the sales tax alone which has been taken off is $14.20, and yet the reduction in price is $13.

Mr. COOTE: Are you including the sales tax on the retail price of the binder?

Mr. STEVENS: I am including the sales tax on the list price in Ontario.

Sir HENRY DRAYTON: Factory price.

Mr. STEVENS: Then, in the case of the 6 foot mower, on April 11, following the budget, there is a reduction of $5. But the sales tax reduction is $6.14, so that the reduction is within the sales tax and does not include the reduction of duty.

Then take the farm wagon; after the budget there was a reduction of $7, but the sales tax reduction alone in this case is $7.13.

Mr. McMASTER: Do the prices quoted include the sales tax?

Mr. STEVENS: I am quoting the exact Ontario list price officially issued by the factory.

Mr. McMASTER: Does that list price include the sales tax or not?

Mr. STEVENS: Yes, in each case. In any event it would not make any difference whe-

ther it did or not, although I am informed it does, because in each case the net price is exactly the same. They issue the list to the dealers, who I presume get their discount of 10 or 15 per cent; whatever their commission may be. The prices are the same in all cases and they are taken from the official lists issued from 1916 to 1924.

Mr. FORKE: What is the date in relation to the second last item, the wagon, mentioned by the hon. member?

Mr. STEVENS: November 1, 1923. I gave two figures for 1923. Two price lists were issued, one on February 21, 1923 and the other on November 21, 1923, and in regard to each article there was a substantial increase in the November over the February, 1923, price.

Mr. HEALY: What is the name of the firm who issued the list from which the hon. member is quoting?

Mr. STEVENS: I am giving the lists of the Massey-Harris and International companies.

Mr. SPEAKMAN: I want to be quite certain as to whether the sales tax is added to the prices or not. If the hon. member is quoting one set of prices to which the tax is added and another set of prices without any sales tax the difference is an important one.

Mr. STEVENS: It does not make any difference whether the price includes the sales tax or not, because I am showing that the reduction in each case is approximately only that of the sales tax, or a little less.

Mr. SPEAKMAN: If the sales tax is added to the list price afterwards, during the years in which the tax was applied, then it does make a difference.

Mr. STEVENS: In all cases the International and Massey-Harris include the net sales price in their list.

Mr. SPEAKMAN: That is what I wanted to be sure of.

Mr. STEVENS: Now let me turn to another aspect of the case. We have to consider the price of material, and I am taking now the base price of iron. The base price, as all hon. members know, is the price of iron of a certain standard; then different processes, different sizes, and so forth tend to vary it. This price is known as the base Pittsburgh price, or the base price Canada, as the case may be. That is the reason why I have given in the table the figures in regard to the base price of iron in Canada per 100 pounds during a period of years, and while I do not expect hon. members to bear the figures in mind as I have read them, they will be available in Hansard for purposes of comparison. It will be interesting to the committee to study them at leisure.

I have here the average price, Canada and Pittsburgh, and I want to give the figures over a number of years. These are the various prices of bar iron and steel per 100 pounds, the base price in Canada being as at Hamilton. I am giving the average for each year in Canada with the average at Pittsburgh, and one will be in a position to compare them. I would ask hon. members to note the first figures and compare them carefully with the later ones because this comparison has a bearing on the argument I wish to present.

	Base Price Canada	Average for Year Pittsburgh	Average Canada
1914..	$1 65	$1 60	$1 27 Plus 33c.
1915..	1 55	1 60	1 32 Plus 30c.
1916..	2 12	2 27	2 59 Minus 32c.
1917..	3 14	3 34	4 09 Minus 75c.
1918..	4 01	4 06	3 50 Plus 56c.
1919..	3 42	3 20	2 80 Plus 40c.
1920..	3 37	3 52	4 13 Minus 61c.
1921..	3 52	3 02	2 30 Plus 72c.
1922..	2 37	2 45	2 04 Plus 41c.
1923..	2 72	2 93	2 68 Plus 25c.

It will be noted that during ten years Canada had a lower price on three occasions and a higher price than the base price Pittsburgh in the other years. With the exception of two years the price ranged about 30 cents higher than the United States price.

Mr. CALDWELL: The hon. member read so quickly that I did not gather whether he had given the average Pittsburgh price.

Mr. STEVENS: I have given it.

Mr. HEALY: Does the base price, Canada, apply to Hamilton alone?

Mr. STEVENS: It is the base price quoted in Hamilton for this steel. I do not wish to be drawn off into a discussion as to whether the Dominion Iron and Steel Company in Nova Scotia and the Canadian Steel Company in Ontario give the same base price. I do not know. I am giving the base price in Hamilton.

Mr. HEALY: I was not intending to enter into any discussion about Nova Scotia. But when the hon. member is giving the base price in Canada, I would tell him that the freight rate from Pittsburgh and from Hamilton, for instance, to the border cities has a great deal to do with the base price of steel, and that in giving those figures he is misleading the committee.

Mr. STEVENS: I do not say this with any desire to arouse the ire of my hon. friend. I am quite aware that one can go into all manner of analyses and discussion on this subject. I am trying to give the committee certain basic figures, and then I want to make some reference to them.

Mr. McMASTER: Before the hon. member proceeds may I ask this question? Is the base price at Pittsburgh which he has quoted for the year or on a certain date?

Mr. STEVENS: The average for the year. I gave the average in Canada as well as a specific figure for the month of November. I could give others but there is no object in doing so. Now, this is a point which the committee ought to consider: In the production of these iron and steel products certain processes are gone through. The reason I am referring to these processes is because I purpose showing that the losses to Canadian industry are far beyond the very small advantage given by the so-called reduction in the sales tax; in a word, the immediate gains are not such as to warrant the serious losses to these other industries. A great many industries are affected. First you have the blast furnace, which simply takes the ore and produces the pig; then you have the open hearth system, the raw material of which is pig iron and steel scrap, and which produces steel ingots; then you have the blooming mills, the raw material of which is the steel ingot, and the product of which is the billet; then you have the rolling mill, the raw material of which is scrap iron and steel billets, and the product of which is iron and steel bars; then you have the next step in connection with implements, the factory which turns out bolts, nuts, bars, screws, washers, and so on, whose raw material of course is the iron and steel bars. Let me turn from them to a very brief analysis of the effect of the reductions upon these industries. Coal for use in the manufacture of coke for blast furnace operation is subject to a drawback of 90 per cent. I should like the committee to bear in mind that this drawback is given only on coal used for the production of coke. Now then, if these resolutions pass, iron and steel bars used in the manufacture of the articles which we have under consideration will be admitted free. The Canadian rolling mills are called upon to pay a duty of 53 cents a ton upon their coal, and on the class of coal they use this runs to a duty of between 20 and 22 per cent. They also pay duty on their machinery and on their rolls of 27½ per cent, and a sales tax on all supplies of castings and parts of machinery—all the vast quantity of material that enters into their daily operation.

Mr. McMASTER: If I may interrupt, the hon. member stated that the duty on coal would amount to an ad valorem of almost 20 per cent. Would he develop that a little? It seems a very high duty.

Mr. STEVENS: The class of coal and the quantity used would permit of its purchase, I presume, around $2.50 to $3 a ton.

Sir HENRY DRAYTON: Slack.

Mr. STEVENS: It would be a very low-grade coal.

An hon. MEMBER: What sort of coal?

Mr. STEVENS: It would be probably what is known as bituminous slack after the larger steam coal was taken from it. For instance, a large sugar refinery in my city buys nothing else but this slack coal and gets it at the very low figure of about $2 a ton. My hon. friend will see that a specific duty of 53 cents a ton amounts to a substantial ad valorem in such a case.

Mr. HUGHES: Is it not a fact that on that class of coal the duty is only 14 cents?

Mr. STEVENS: Not that I know of.

Mr. HUGHES: I know the coal miners were complaining that the duty on slack coal was very much less than on other classes of coal.

Mr. STEVENS: I would be very much surprised if my hon. friend is correct.

Mr. HUGHES: I think I am correct.

Mr. MALCOLM: The duty on slack coal is 14 cents a ton.

Mr. STEVENS: I am told my hon. friend is right. But the higher grade coal used in these rolling mills, which I am informed is not always slack, is subject to a duty of 53 cents a ton.

Mr. HUGHES: But my hon. friend was advancing the argument that slack coal was used by the industries he mentioned.

Mr. STEVENS: I quite admit that, but I did not affirm definitely that slack coal was used. I was questioned as to the low price. I think the industries I am referring to get their coal at a very low price.

Mr. HUGHES: It would work out at about 7 per cent.

Mr. STEVENS; Well, they pay this duty of 53 cents a ton. The mills whose product enters into the manufacture of these implements are called upon to compete with United States mills which do not pay the taxes to which I refer, neither have they any sales tax to pay, and of course they are not subject to duty in the sense that our people are because they are the mass producers and the controllers of the world's market in respect to steel products, and also in respect to coal so far as eastern Canada is concerned. Now, as a matter of fact, when you analyse this resolution it constitutes, not merely free trade but an actual premium to American manufacturers of these raw materials which enter into the manufacture of our implements. The only article which the producer of the raw material has any advantage on is fire-brick; he gets a reduction which really amounts to very little. I presume it is hopeless to make any suggestions in this line; the budget has been debated and the government has a substantial majority. But, now that we are away from the generalities of the budget debate it might be well to consider the effects of the item which is under consideration. Now, I do not wish to be misunderstood; I am not advocating a lowering of duties, but I am tempted to ask the Acting Minister of Finance this question: When the government reduced the duty on farm implements why did they not apply the same principle to rods, bars, bolts, nuts, screws, iron products and all the other articles that enter into the manufacture of farm implements? Why not apply the same principle to them? Why not extend to them a compensating reduction? Let me make myself clear; I am not arguing for it; I am absolutely opposed to it. But when you adopt that principle in connection with farm implements, why penalize the Canadian manufacturer of the raw material? The minister was about to answer me a moment ago; perhaps he would be good enough now to give his views on that point.

Mr. ROBB: I was going to ask my hon. friend if he would assure me of his support if I undertook to do that.

Mr. STEVENS: Absolutely no, and I will say why: I believe in a fiscal policy for Canada that will enable us to develop the natural resources in iron, coal, copper and other mineral products, their manufacture in Canada and the perfecting of them to the highest degree possible from a manufacturing standpoint, and I believe that cannot be done under any free trade policy. But the minister does not give me any reason why he follows this half-and-half policy of giving a reduction to the manufacturer of farm implements, of which that manufacturer hands to the producer merely the sales tax.

Mr. KELLNER: Would my hon. friend repeat the figures he quoted in respect to the price of binders and the reduction by reason of the sales tax?

Mr. STEVENS: I will give my hon. friend the figures; they are really interesting. These three sets of figures alone will warrant one in pausing to consider whether any benefit is to result from the present proposals. In February, 1923, the list price of a binder was $243. In November, 1923, the manufacturer raised the price to $264. That is the point I want hon. members to become seized of. Then on April 11, after the budget was brought down, they issued a new list reducing the price to $251. The reduction of the sales price from the previous list of $264 should amount to $14.20, whereas the actual reduction is only $13. Taking a further calculation of duty—and I am not certain of the figure I am about to give, though I am quite satisfied it is correct—the American price for this article was $226. Add to that the sales tax and the duty, and you get approximately the Canadian price. If you calculate the reduction of the tariff plus the sales tax you are left in the position where you are actually $11 worse off than you were prior to the bringing down of this budget; that is, you are getting $11 less than you are supposed to get. But even leaving all that calculation aside—this is the point I want to make clear—it must be remembered that the sales tax has nothing whatever to do with the protective principle or the protective policy of this country. The sales tax is a specific and special tax and is so designated in the statute. Parliament can remove the sales tax off anything. For instance, in our list of exemptions we have a very long list of foodstuffs, canned goods, and so on, and now farm implements; so that the reduction or removal of the sales tax is simply a voluntary act of parliament which nobody criticises or questions. But while the duties have been reduced on farm implements the farmer is not getting one cent of the value of the so-called reduction. On the other hand, the manufacturer of the raw material entering into these implements is faced not with fair free trade competition with his competitor south of the line, but with the granting of an actual premium to that competitor because of the added taxes on this side compared to those prevailing in the United States.

Mr. COOTE: What was the date of the price list in which the price of a binder was given at $264?

Mr. STEVENS: November, 1923.

Mr. COOTE: Has my hon. friend the price list which was issued about the first week in January, 1924?

Mr. STEVENS: No. I was under the impression that a price list had been issued in Jnauary, 1924, but I have not discovered it; I have not been able to obtain it. When I myself raised that very question the answer came that the November, 1923, list was intended for the trade of 1924.

Mr. MacLEAN (Prince): I notice that the Massey-Harris price list for 1923-24 gives binders at $280.

Mr. STEVENS: That may be a different size. There are a number of different kinds of binders—the 6-foot binder, the 7-foot binder, and I think there is a larger one. Then there is a binder with certain stooking attachments, and so on. But the binder I had reference to was the one which I think is most commonly used, the ordinary 7-foot binder. I remember the price list figure that my hon. friend refers to, $280. It had certain identifying letters beside it; I have forgotten just what they represented, but I presume stookers, bundle carriers, or certain attachments of that kind. That is really all I want to say in connection with this matter. I wanted to lay before the committee what appeared to me to be these very stubborn and unanswerable facts. I wanted to show to the committee that the assumed benefit to the consumer is very slight, and largely, if not wholly, imaginary if you remove the sales tax, and that the so-called compensating features to the implement manufacturer constitute really a threat of ruin to a large number of the industries supplying the raw materials to these manufacturers.

Mr. COOTE: I was much interested in the statement that has just been given to the committee by the hon. member for Vancouver Centre, and I would like to ask the Minister of Customs this question in regard to the sales tax and the duty which the hon. member for Vancouver Centre referred to as having to be added to the price of this binder in the United States. He said the price in the United States was $226, and if we added to that the sales tax and the tariff, we would find that the price was approximately the same as the Canadian price. Would the minister be good enough to tell the committee whether in computing the sales tax and the tariff on these imported goods, they use the retail price of the implement in the United States, or do they take what is called the manufacturers' price, simply the cost of producing the implement at the factory? I think that is a very important point. I have been told that the factory price of these implements is not more than 50 per cent of the price the farmer has to pay when he buys the implement.

Mr. BUREAU: The price on which we compute the duty is the consumption price at the place of manufacture. If a retailer imports a machine, he pays on the retail price; if a wholesaler imports a machine, he pays on the manufacturer's price. It is the consumption price at the place from which the goods are exported.

Mr. COOTE: Then it would not be fair to assume that the International Harvesters Company or the John Deere Company would pay the sales tax and the tariff based on the retail price in the United States?

Mr. BUREAU: No, it is the home consumption price. Suppose you buy 1,000 machines; the duty will be computed on the price the wholesaler in the United States pays.

Mr. COOTE: I just wanted to have that made clear to the committee.

In regard to the argument of the hon. member for Vancouver Centre as to the hardship which is worked on the manufacturer of these bars, I think that simply proves that you cannot make a tariff that will not work a hardship on somebody, and the farmer is in this position to-day with respect to these implements that are now being placed on the free list, that he has to pay a tariff tax of 75 per cent on all the stuff he buys, and accept a free trade price for practically everything he sells.

I have been very much interested in the discussion regarding agricultural implements and I have been appalled by the ignorance displayed by some hon. members in this House with regard to this question. I would like to take a few minutes to give to this committee some reasons why the farm implement manufacturers in this country are not able to return dividends at the present time to their shareholders. I have had some actual experience in connection with the farm implement men.

Mr. BUREAU: The hon. member says they are not paying dividends any more.

Mr. COOTE: I am not saying so.

Mr. BUREAU: I thought the hon. member said they were not paying dividends any more, and the question I would ask is this: If we take the duty and the sales tax off an article, and you still have to pay the same price for it, where does the difference go? I should like some one to enlighten me on that point.

Mr. COOTE: I will leave it to some of the members on my right to answer that question. I think that the committee possibly needs some enlightenment in regard to this farm implement question. I have talked the matter over with some farm implement men in western Canada, and I think I can give you a little first-hand information. In the first week of January there was announced in western Canada an increase in the price of farm implements. That may be the list the hon. member for Vancouver Centre has given us, and which he referred to as dated November 1, but the advance I refer to was not made public in western Canada until the first week of January, I think. I am not going to read a list at all, but I should like to quote one paragraph from the Manitoba Free Press of January 11 last:

> One reason given by Winnipeg manufacturers and distributing branches for the increase is the advance in the sales tax on agricultural implements, which has gone from 4½ to 6 per cent. The other explanations are increased cost of labour and raw materials, which the implement men claim have driven nearly all the big concerns close to the financial rocks.

Now the sales tax has been removed; the duty has been taken off most of their raw materials, and the increase in the cost of labour is a myth, because I find from returns that I have obtained from the Department of Labour that the wages of mechanics show no increase over their wages of last year. When I was in Calgary in the first week of January, in conversation with the manager of one of the large implement warehouses there, I was informed that the price of implements was being advanced again, and that the price of the 8-foot binder, which is the standard binder in Alberta, was being increased from $287 to $317. "Surely," I said to him, "you would not have the heart to ask the farmer to pay $30 more for a binder than he did last year." "Well," he said, "to make anything on this binder we must advance the price." I said: "I can tell you with equal truth that the farmer must have more than 74 cents a bushel to make anything at raising wheat, but that is the price he must take to-day." "Well," he said, "we are in a different position from the farmer, because we do not have to sell these implements until we get our price for them."

[Mr. Coote.]

Now I want to ask hon. gentlemen, would they blame any representative of a farming community for voting for a budget that was endeavouring to provide cheaper implements? It is the callous indifference of the implement men that would induce me, if I had no other reason, to support a reduction in the tariff on agricultural implements.

Sir HENRY DRAYTON: Would the hon. gentleman tell me who that was?

Mr. COOTE: I would, in private.

Sir HENRY DRAYTON: I do not think it should be private at all. If the House is to rely upon the statement, we should know who makes it.

Mr. COOTE: The same gentleman also told me that the four big machine companies operating in Alberta, in collecting from the farmers on their notes, had secured only 12 per cent in the case of the lowest one, and 20 per cent in the case of the highest. The percentages for the different companies were, if I remember rightly, 12, 15, 18 and 20 per cent. Alberta had the biggest crop in her history last year.

Mr. ARTHURS: What companies does the hon. member refer to?

Mr. COOTE: The Cockshutt Plow Company, the International Harvester Company, the Massey-Harris Company, and the John Deere Company. Now if that was all these machine companies were able to collect last year, when Alberta had the biggest crop in her history, we can readily see that the position of the farmer is certainly a serious one, and it is no wonder they are not able to buy these implements. Hon. gentlemen should be aware by this time of the fact that a very large percentage of the farmers in western Canada are now working for the banks or the mortgage companies; they are managing their farms for the benefit of those institutions. Let me say that in conversation with the manager of a branch bank in Alberta in January last in regard to this very advance in the price of implements he said: "The prices of these implements are altogether too high and the farmers should go on strike and not buy implements at all. As a matter of fact we have made it a practice here of insisting, in the case of any farmer that we are financing to any extent, that he should not buy any new implements." Now, these banks are in a position to tell the majority of the farmers in Alberta just what they can or cannot buy. If the bank managers will not let them buy implements it is a certainty that the implement companies cannot sell their machines.

I understand that the president of the Bank of Commerce, Sir John Aird, is also a director of the Cockshutt Plough Company. If Sir John Aird cannot solve this problem of how the farmers are to be allowed to buy the implements that the Cockshutt Plough Company is making, then this House will have to take a hand in the matter and see if it can help out in any way; otherwise the farm machine business is going to be in a worse plight than it was before. The way the farm implement men of Canada now take care of their overhead is by simply adding it to the number of machines that they sell, and as the number of machines which they are able to sell dwindles, the overhead which is charged to each of the implements increases. Where is this thing going to end? I think this budget has done one thing: It has put the machine men in the position where they can offer the farmer cheaper implements. If they do not do so I think this House should take some action at its next session to see whether cheaper implements cannot be offered to the farmer.

I should like now to take a few more minutes, if I may be allowed the necessary time, to show why the farmer must have cheaper implements if he is to carry on, particularly the western farmer. I know we should not discuss these matters in a sectional way but in a little booklet issued by the Massey Harris Company—a copy of which was sent I think to every member—it is stated at page 12 that the gross yearly return of the farmers in the Maritime provinces was 35 per cent on their invested capital.

Mr. CALDWELL: That is the gross return?

Mr. COOTE: Yes. In Ontario and Quebec the gross return was 27 per cent on the capital invested. In the prairie provinces the gross return was equal to 15 per cent on the invested capital. In this same booklet, on the following page, I find these sentences:

> The purchasing power of the farmer's and the manufacturer's dollar has greatly shrunken since 1913. The farmer's dollar worth 100 cents before the war, is estimated by the government bureau of statistics to be worth now only 54 cents.

Then I find that according to the monthly bulletin of agricultural statistics for March, page 104, index numbers of agricultural prices which show that compared with the period from 1909 to 1913 the prices to-day of all field crops are 100.7 per cent practically the same as they were before the war. Carrying these figures out will show that wheat to-day has a purchasing power of 54 per cent of what it had before the war; oats 52 per cent; barley 48 per cent; and rye 35 per cent. The farmers' cattle to-day have a purchasing power compared with the period 1909 to 1913 of 33 per cent, and select hogs have a purchasing power of 57 per cent.

Now I want to come to the item which I think is the biggest handicap under which the farmer, particularly the western farmer, is labouring to-day. We have all received pamphlets through the mail from woollen manufacturers stating that they could not compete with the manufacturers who live or operate in countries with a depreciated currency. The Canadian farmer to-day is producing largely for an export market, and the price on that market is setting the price for his produce. That is particularly true as regards grain and cattle. When we come to export our wheat to Britain we find that we are competing principally with these countries. Australia whose currency has depreciated about 9 per cent compared with ours; the Argentine whose currency has depreciated about 16 per cent; India with a depreciated currency of about 39 per cent; Denmark with a depreciated currency of about 39 per cent; and Britain whose currency has depreciated about 12 per cent compared with ours. These depreciated currencies constitute a real handicap. I should like to quote from a report in the Commercial Intelligence Journal of March last, page 373, by our trade commissioner in Australia. Referring to the price and sales of wheat in that country he says:

> British importers * * * being penalized by the low conversion rates of sterling into dollars, endeavoured to obtain their wheat requirements from Australia rather than from Canada and the United States and this accentuated the demand.

I shall not dwell on this subject any longer but I wish I could impress upon the House the necessity of dealing with this question of depreciated currency. I wish the people of this country could be led to think of something else than the pride they feel in the national dollar. They might even consider whether it would not be wise to allow our dollar to depreciate a little so that we could compete with these other countries.

Mr. McMASTER: Inflation.

Mr. COOTE: You can call it inflation or anything you like. I put it up to every hon. member to explain to the western farmer how he is going to compete in the British market with all these countries which are raising products similar to ours if our exchange is at such a premium compared with theirs. When the Canadian farmer sends enough wheat to Britain to be worth £100 on bringing the proceeds back he finds it to be worth only about $440. On the other hand

when the Australian farmer brings back the proceeds of his £100 he finds he can convert it practically into Australian money at par.

Mr. ARTHURS: Would my hon. friend follow that example in regard to Germany?

Mr. COOTE: No, Mr. Chairman, in this instance I am not going to Germany for an example. I am trying to put the problem before the members of the committee. It is a real problem, and is more responsible for the condition in western Canada, I think, than even the tariff, and cannot be lightly dismissed. The question of the position of the western farmer is a very burning one, because in the case of a large percentage at least of our farmers their total production over the actual existence line—that is their bread and butter, food and clothing—goes to pay interest. When the rate of exchange was depreciated about eighteen per cent two years ago, if one of our farmers shipped a car of cattle to Chicago and brought back a draft on Chicago for $1,000, he was able to take that draft into the bank and secure $1,180 for it, and the $180 that he received as a premium would go a long way to offset the amount of tariff which he paid to get his cattle into the United States. The same principle holds true with the wheat and cattle that we are shipping to Great Britain.

Mr. McMASTER: But when the Canadian dollar was at a relatively lower figure than the American dollar and the Canadian farmer wanted to buy goods from the United States—and some goods had to be bought there—he would have to pay more.

Mr. COOTE: Yes, he would pay more; but the share of his production which was going to pay interest and to pay off his debt he was formerly able to bring back as premium, namely about one-sixth. This is a question that must be faced, because of the load of debt resting upon our farmers. We must act so as to bring prosperity to our farmers. And when the farmers prosper the result is prosperity to the manufacturers. The farm produces the largest share of the market for manufacturers, and I know that my hon. friends to my right will not despise the home market. The manufacturers must have a home market as well as the farmers, in fact I think they are more dependent upon it. I think in this country we all appreciate the value of a home market; at the same time we know we must import certain goods. We have an interest bill to pay on five billion dollars, and we must have exports to pay this interest. We are going to depend more largely upon the farmer than on any other one class to furnish the exports. Under present conditions I do not think the farmer can very well continue to carry on long. I wish that I could impress strongly upon the committee the necessity of dealing with this question.

Mr. ROBB: Before you leave the chair, Mr. Chairman, I desire to move that the figures "456" be inserted after 453b. This is in regard to the ingot moulds used in the production of steel. The present rates are 5 per cent, 7½ per cent and 10 per cent. We propose to make them free. I will explain the matter when the item is taken up.

Mr. MEIGHEN: I thought we were going to get through the first day without any changes. Would the minister give us the significance of this amendment?

Mr. ROBB: It has already been announced. The announcement has been on Hansard for some time.

Progress reported.

At six o'clock the House adjourned, without question being put, pursuant to rule.

Thursday, May 22, 1924.

The House met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

CANADIAN NATIONAL TRANSCONTINENTAL TRAINS—MAIL

Mr. GARLAND (Bow River):

1. Do the Canadian National transcontinental trains numbers 1 and 2 carry mail in either direction from coast to coast?
2. If so, what are the revenues received therefrom?
3. Does mail from stations in the vicinity of Jasper Park go through to Vancouver when westbound?
4. If not, what is the routing practised, and what railway company carry the mail?

Hon. Mr. STEWART (for the Postmaster General):

1. Mails are carried on these trains between the following points: Halifax, N.S., and Montreal, P.Q.; Cochrane, Ont.; and Winnipeg, Man.; Winnipeg, Man.; and Melville, Sask.; Lucerne, B.C.; and Kamloops, B.C.
2. $270,094.62 per annum.
3. Yes, but not direct.
4. By Canadian National Railway train 3 to Lucerne, B.C.; Canadian National Railway train 1 Lucerne to Kamloops, B.C.; Canadian Pacific Railway train Kamloops to Vancouver, B.C.

ARMENIAN IMMIGRATION

Mr. ELLIOTT (Waterloo):

1. Is the government discouraging Armenian immigration into Canada?
2. If so, why?
3. How many Armenians have entered Canada since January 1st, 1924?

Hon. Mr. ROBB:

1. The immigration regulation impose upon Armenians as well as upon immigrants of many other nationalities an occupational test and also upon Armenians as well as upon other Asiatics the money test. The occupation test restricts immigration from Armenia to, (a) farmers and farm labourers coming to settle on the land; (b) women coming to engage in housework; and (c) the wife and minor children of any person legally resident in Canada. The money test is $250 and Asiatic immigrants are required to be in possession of $250 as a condition of landing. This, however, does not apply to a wife or minor children. As Armenians seldom farm in Canada, it naturally follows that the application of the immigration regulations reduces Armenian immigration to a small number annually.

2. Answered by No. 1.

3. Incomplete returns to the end of April give the number of admissions as 163.

HOME BANK

Mr. SPENCER:

1. Did the officials of the Home Bank approach the Finance department of the government in 1923 to obtain an advance or advances under the Finance Act?
2. If so, on what date or dates, and for what amounts?
3. If a refusal was made, what reasons were given for same?

Hon. Mr. ROBB:

1. No fresh advances were applied for.

2 and 3. Prior to May 1st, on which date all loans under the Finance Act became due, the bank made formal application for the authorization of a standing credit up to $3,000,000 against securities acceptable to the Treasury Board, including the renewal of an outstanding loan of $220,000 secured by Dominion bonds of a like amount. This application was approved, but the bank did not submit any additional securities or avail itself of the provision apart from the renewal of the existing loan.

HON. MR. MURDOCK AND HOME BANK

Mr. E. GUSS PORTER (West Hastings): Mr. Speaker, I propose to move a resolution which affects not only the public interest but the honour of this House. It affects more particularly, in fact very particularly, the hon. Minister of Labour (Mr. Murdock). I have taken occasion, Sir, to notify him of my intention, and I have also supplied him with a copy of the resolution. I have received a reply from him that the action about to be taken by me is satisfactory to him.

The matter concerned is the relation of and dealings by the hon. minister, in his personal capacity and as minister of the Crown, with the defunct Home Bank, these dealings being confined to the day or two prior to its failure. It had been my intention to bring this matter before the House at an earlier date, but unfortunately I did not find an opportunity of doing so.

In presenting what I have to say in this connection I have no desire whatever to express a personal opinion or to comment upon the facts. I desire only to bring the facts as they have been disclosed to me to the attention of the House for such action as the House may see fit to take in the circumstances. I can only undertake to state, in addition to the facts as they have been disclosed to me, certain principles and rules of parliament which, the evidence has convinced me, have been infringed by the hon. minister.

In moving this resolution I hope that my intentions will not be misconstrued or my language misapprehended. I have no personal quarrel with the hon. minister; in fact I have no personal acquaintance with the hon. gentleman further than to have met him occasionally in the corridors of the House. I have no quarrel with him as minister of the department over which he presides or as a representative of that class of people with whose interests he is most intimately connected. I have no Home Bank depositors or shareholders, so far as I know, in the riding which I have the honour to represent in this House. I have no political feeling in the matter; I have tried as best I can to divest myself of any feeling of that character, and I only desire and hope that what I may say in connection with this matter may be received by the House in that spirit. My only desire, my only intention in moving this resolution is that the dignity and the honour of parliament may be preserved, that its rights, its privileges and its traditions may not be infringed upon either by the hon. minister who is here charged or by any other hon. member. It is just as important that the honour and integrity of a member of the House or the government should at all times be sustained as it is that the honour of the House should be sustained, and it is with that double view that I take this action. Without that preservation of the integrity of ministers of the Crown particularly, and of members of the House in general, it would

be impossible to carry on with any degree of safety the affairs of government. A disregard of the honour and traditions of parliament can only bring condemnation to any government, and it must in the end bring not only utter failure but disgrace upon the government of Canada. The importance, therefore, of the maintenance of the honour of a member of parliament or of a member of the government is evident.

I find, not only from my own recollection of political affairs, but upon searching the public records of Canada, that the Canadian government has been singularly free from lapses of public rectitude. There are only a few cases on record, and I find that in all those cases—and it is only what might have been expected—neither the parliament nor the public of Canada were slow in applying punishment where the conduct of a minister or of a member called for it. In all my searching, which has been somewhat extensive, I have not found a case where upon conduct being alleged such as I intend to charge here, the investigation asked for was refused by parliament. It is therefore with a great deal of confidence that I bring this motion before the House, believing, as I do, that the precedent established by parliament will be followed in this case and that an investigation of the charges I am about to make will be granted, in order not only that the honour of parliament may be vindicated and the traditions of parliament maintained, but, that the integrity, honesty and faithfulness to office and duty on the part of the minister will be established.

The matter to which I particularly refer came to the public knowledge as long ago as the 20th of February, 1924, in an article published in the Ottawa Journal, in which the minister was charged with the same offence, if I may so designate it—charged with the same thing that I am about to charge him with to-day. In the Mail and Empire of the 29th February he was similarly charged. I do not propose to read those articles, because I do not think it would be fair or just, nor do I believe that newspaper articles are competent or sufficient evidence. I only mention these charges made through the public press to indicate to the House that the public, and that includes the minister and the government, became aware of them at that time.

The British parliament, which we are all glad to look to as our example in connection with the preservation of the dignity of parliament, the proper conduct of public affairs and many other matters, has always been very careful in preserving the dignity of that House and in seeing that the conduct of ministers of the Crown is in accord with the principles that they have laid down and have always, I believe, succeeded in following. That is one of the principles—the principle laid down by the British parliament—that I am invoking here to-day. Let me quote the words of a very eminent minister of the British government, Sir Rufus Isaacs, then Solicitor General, in this connection. He said:

> If a minister should use any information which he obtains as a minister for the purpose of furthering his own interests, he is deserving of censure.

Further he says:

> Whether the minister was personally wicked is not the point. The question is whether the precedent which he sets up is a bad one.

And further:

> Apart from all personal motives and personal considerations, whether the facts as known to the public establish a precedent which he can safely allow to stand.

The British parliament, so far as I have been able to discover, has never undertaken to define in so many words, or in any one particular rule, what conduct shall, or what conduct shall not, constitute an infringement of that rule. It is, as has been stated in some of the discussions, a matter of the honour of a member and of the dignity of parliament, which alone is in the keeping and charge of parliament itself. No one could possibly imagine exactly what line of conduct might come before parliament in a matter of that character, and so I take it that it has been impossible, or if not impossible, that it was at least considered inadvisable, that parliament should lay down any particular rule within the four corners of which a minister or a member must come in order to merit condemnation for any action that he might be guilty of. Sir Rufus Isaacs, to whom I have referred, was himself charged with a breach of his duty as a minister of the Crown, and I might say also that in that he was charged jointly with the Chancellor of the Exchequer, and on that occasion when the matter came before parliament on a direct charge against these two ministers of the Crown, Sir Rufus Isaacs used this further language:

> No minister should use any information which he obtains as a minister for the purpose of furthering his private interests.

And Mr. Asquith, when Prime Minister of Great Britain, on that same occasion used this language:

> No minister is justified under any circumstances in using official information that has come to him as a minister for his own profit or for that of his friends—

He adds this further, broadening out the rule and seeing that it is not too much confined:

—or as to which from their position and their special means of early or confidential information, they have or may have an advantage over other people.

Now with those principles established on the authority to which I have referred, and which principles I invoke, I would like for a few moments to direct the attention of the House to the position that a minister of the Crown occupies, in his duty to the Crown, his duty to the public, and his personal interests. As a minister of the Crown I think it is apparent, and will at once be acknowledged, that he becomes a trustee for the Crown. His election to parliament makes him necessarily a trustee for the people, and his position as a minister makes him more so perhaps, if the obligation can be increased, than if he were an ordinary member of parliament. His personal interests are, at once upon his election to the honourable position of a minister of the Crown, subordinated to his obligations as such trustee. His obligations as a trustee for the Crown and as a trustee for all the people are far and away superior to any rights that he may personally enjoy. The general law of trusts, which is founded, as we all know, by centuries of practice on what is just and right, applies with all its force to a member or a minister who occupies the position of a trustee. I do not think it will require any elaboration or argument on my part to establish that point. May I add that if a trustee in any capacity uses his position as trustee to gain some advantage to himself or in his own personal right, that is a breach of the very first obligation, and the greatest obligation that a trustee can possibly assume.

Now may I ask the House to assume, and only for the moment to illustrate my argument, that the hon. Minister of Labour (Mr. Murdock) did receive as a minister of the Crown, information as to the financial condition of the Home Bank. Could he go out on the street and divulge to the public the information that he received? The very obligation of his office would prevent his doing that. If he could not do that and give the public, those for whom he is a trustee, the benefit of his knowledge, let me ask, in all decency, could a minister of the Crown use that knowledge that he was denying and was bound to deny to the public, for his own personal knowledge? I have only to state the case, I think, to convince hon. members of this House that such conduct would merit the condemnation not only of parliament but of the people as a whole.

I had occasion to read a synopsis of the evidence given by the right hon. the Prime Minister (Mr. Mackenzie King) before the Home Bank Commission just a few days ago, and I was very glad to see that the right hon. gentleman himself took the very position that I am—I was going to say urging on the House to-day, but I do not need to urge it, I need only mention it—the Prime Minister himself took the position I have mentioned, for he stated that his obligations of office precluded him from making any statement to the Home Bank Commissioner as to what had taken place in cabinet meetings, and he even went so far as to say that he could not—and he did not—disclose the names of members of the government who were present at a meeting of the cabinet.

Now, when the minister (Mr. Murdock) became aware of the charges contained in newspaper reports, and that his honour was impugned, it seems to me the obligation devolved upon him at that time to rise in his place in the House and clear the matter up, and disavow if he could those charges. The course was open to him to rise in his place and deny the charges that had been made. He could then have furnished proper and sufficient evidence, if such was available, giving all the particulars in regard to his withdrawal of his funds from the Home Bank at that particular time. Had he done that, parliament and the public might have been satisfied and the matter might not have gone any further. But the hon. minister did not do that. He prefered to remain silent, preferred to make no answer to parliament at all; and the charges made stand to-day so far as parliament and the public are concerned.

Then the matter came up incidentally in this House on the 27th March. I say "incidentally" because the questions put at that time were not of a direct character. On the date referred to the hon. member for West York (Sir Henry Drayton) questioned the Prime Minister as follows:

Will the hon. Prime Minister give us now, if he has them, the representations made by the directors who were here begging government assistance? He has got them.

Mr. Mackenzie King: I do not know what representations my hon. friend has reference to, but any representations made to the government will be placed before the commission, whatever they are and wherever they are.

The Prime Minister has been before the commission, "whatever they are and wherever they are" and I fail to find in his evidence anywhere that that information was placed before them.

Mr. MACKENZIE KING: I may say to my hon. friend that as soon as the commission

was appointed I forwarded to it the representations that were made to the government.

Mr. PORTER: That does not appear in the public records.

Mr. MACKENZIE KING: It appears in the records of the commission.

Mr. PORTER: What I am stating is that there was an opportunity for the Prime Minister at that time to make a statement in a public way and not by private letter.

Mr. MACKENZIE KING: It was a public letter.

Mr. PORTER: In giving his evidence he had the opportunity of meeting what I am alleging here. On the occasion in question the discussion proceeded:

Sir Henry Drayton: What I am referring to I think my hon. friend understands.
Mr. Mackenzie King: I do not.
Sir Henry Drayton: I refer to the representations made by the directors who came to Ottawa for the purpose of acquainting the government with the situation, and the statements made by them, the action taken by the government in allowing the bank to go, and the reasons for it.

Mr. MACKENZIE KING: Those are the very matters I referred to the commission, not privately but publicly.

Mr. PORTER: I am not saying there was not a reference made to the commission. What I am stating, and reiterating, is that there was an oportunity for the Prime Minister to make a statement at that time but he did not do it. Therefore I think I am perfectly justified in saying that not only has the Minister of Labour had ample opportunity to disavow these charges, but the Prime Minister has also had the opportunity, if he desired to do so, to state before parliament what took place. The Prime Minister had the second opportunity of making such a statement when he was before the commission.

Mr. MACKENZIE KING: What is my hon. friend referring to now? Is he saying there were representations made to the government in reference to the very charges he is preferring at the present time?

Mr. PORTER: Not to the charges but to the facts upon which the charges were based.

Mr. MACKENZIE KING: There have been no representations made to the government in this matter. The hon. member is at the present moment making the first representation that has been made on this subject.

Mr. PORTER: My right hon. friend does not understand me, apparently.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: I certainly do not.

Mr. PORTER: I thought I had made it quite plain. The Prime Minister was asked by the hon. member for West York to state what representations were made by the directors of the Home Bank. My right hon. friend (Mr. Mackenzie King) has never made any statement as to what the representations were.

Mr. MACKENZIE KING: I have made the statement over and over again, that I would transfer to the commission all representations that were made to the government, and I have done so.

Mr. PORTER: I am bound to accept the Prime Minister's statement but the public is not aware of that fact.

Mr. MACKENZIE KING: Yes, it is.

Mr. PORTER: I cannot find in the evidence any statement of such a character at all. Now, what the Prime Minister said was that any representations made to the government would be placed before the commission, "whatever they are and wherever they are." Ample opportunity has been given for the Prime Minister to inform the House and the public just what was brought before the cabinet, or members of the government, in connection with this matter and he has not taken advantage of that opportunity. Neither has the minister (Mr. Murdock) made any statement which would satisfy the public and clear his own reputation, and the fact of his not having done so leaves the public and this House in a condition of suspense and suspicion which might otherwise not obtain.

These considerations, and the fact that neither the minister nor the Prime Minister have seen fit to avail themselves during the many weeks of opportunity offered for explaining, have urged me to move this resolution in order that the facts may become known, and the honour of parliament and the honour of the minister too may be vindicated, and it is only from that motive that I have done it.

May I now, as briefly as I can, invite the attention of the House to the facts as they have been disclosed to me and upon such reliable authority as I will be able to produce upon an investigation and evidence, which, so far as I am personally concerned, I have not the slightest doubt was honestly given to me, and that I will be able to establish these facts, as follows:

(1) That the Home Bank on the 14th day of August, 1923 held a meeting of its directors in Toronto, when it was made evident that

the bank must fail unless it received assistance, and this position apparently was known for some time before.

(2) On the same day, about ten or eleven o'clock at night, certain directors of the Home Bank having proceeded to Ottawa by order of its directorate, to consult the government with regard to obtaining assistance, one or more of the directors met the Prime Minister (Right Hon. W. L. Mackenzie King), the Acting Minister of Finance (Mr. Robb) and other members of the cabinet at the Prime Minister's house, when the disclosure of the bank's affairs was made in such a manner and to such fearful purpose as to leave the Prime Minister aghast, and under the impression that if demands were made upon the bank within the next few days the bank could not meet them; and assistance was positively and absolutely refused—on which date the government became fully aware of the serious financial condition of the bank, and on that date the members of the government became aware by the statement of the directors themselves as to what the financial condition of the bank was. There was no pleading want of knowledge after that.

(3) On the following day, the 15th of August, the cabinet held a meeting having all this knowledge before it, which was doubtless fully discussed. I do not think I need even to state that undoubtedly such an important matter as this would be fully discussed.

(4) Not obtaining assistance from the government the directors and the Acting Finance Minister proceeded to Montreal on the evening of the same day, the 15th of August, and consulted financial interests there for the purpose of obtaining help. The interests consulted in Montreal could not give answer until the following morning the 16th of August, and when they did so, no help being forthcoming, the directors returned to Toronto, and I presume the Acting Finance Minister returned to Ottawa.

(5) The next day, the 17th of August, the bank failed and closed its doors, and I need only mention the sickening trail of suffering, poverty, hardship and alleged crime left in its wake.

(6) The Hon. James Murdock had a deposit in the Home Bank, Ottawa branch, to savings account, of several thousand dollars from about the 1st of July, 1923 to the 15th of August, 1923, the day of the cabinet meeting at which the financial condition of the Home Bank was fully known and doubtless was discussed, and on the same day and very shortly after the cabinet meeting adjourned, and just before the close of banking hours, the Hon. James Murdock withdrew from his deposit in the Home Bank, Ottawa, having knowledge as such minister of its financial condition, thousands of dollars, and leaving only a small sum remaining to his credit, and from which he made further withdrawal, leaving only the infinitesimal sum of $89 there when the bank failed. I think that is the amount he stated.

(7) That in making such withdrawal the Hon. James Murdock refused to accept a marked cheque in the usual course of business, and demanded cash or legals for the amount of his withdrawal, and it being near the close of banking hours, the strong box of the bank had to be re-opened to obtain the cash which was paid over to the minister.

(8) That immediately after such withdrawal the Hon. James Murdock re-deposited the same cash or legals he had withdrawn into another bank in Ottawa to his credit.

(9) That on the following day, 16th of August, the same legals withdrawn by the Hon. James Murdock from the Home Bank were returned to it by the Royal Bank through the clearing house at Ottawa.

(10) That the Hon. James Murdock did not use the said withdrawal at that time for any purpose, but deposited it in another bank.

(11) That thousands of depositors in the Home Bank lost their deposits, entailing poverty, hardship and ruin. Many of them lost all they had in the world.

(12) The Hon. James Murdock saved his deposit, thus profiting to the extent of thousands of dollars by making use of knowledge confidentially obtained as a minister of the Crown, through the means aforesaid; and in breach of his obligation as a minister of the Crown, and in violation of the honour, dignity and traditions of parliament.

The hon. minister had saved his deposit and profited to that extent, because had his money remained in the Home Bank, as did the money of these thousands of other depositors to whom I have referred, he would have lost that money. By his action he profited to the extent of thousands of dollars that he withdrew from the bank.

Now I challenge that this was in breach of his obligation as minister of the Crown and in violation of the honour, dignity and tradition of this parliament; and for these reasons I desire to move the following resolution, seconded by the hon. member for South Wellington (Mr. Guthrie):

That E. Guss Porter, a member representing the electoral riding of West Hastings, in this House, having declared from his seat in the House, that he is credibly informed and that he believes he is able to establish by satisfactory evidence that:

The Honourable James Murdock, Minister of Labour, did withdraw from the Home Bank, at its Ottawa branch, on the 15th day of August, 1923, two days before such

bank's failure, thousands of dollars on deposit therein, to his credit, using certain information he had received as such minister, of the likely immediate failure of said bank, and had received advantage and profit to himself to the extent of such withdrawal, contrary to his obligations as such minister, and in derogation of his office and the honour, dignity and traditions of parliament:

That it be referred to the select standing committee on Privileges and Elections of this House to inquire fully into the said allegations with power to send for persons, papers and records, to examine witnesses under oath or affirmation, and that the said committee do report in full the evidence taken before them, and all other proceedings on the reference, and the result of their inquiries to this House for such action thereon as this House may determine.

Hon. JAMES MURDOCK (Minister of Labour): Mr. Speaker, I am under an obligation to the hon. member for West Hastings (Mr. Porter) for having advised me yesterday that he was going to bring this matter up to-day in the resolution that he has moved. I indicated to the hon. member that his proposed action was quite agreeable to me. I am not going to make any extended remarks in regard to this matter, leaving that for the members of the House. I am as much interested as the hon. member in maintaining the honour and dignity of this House, and I have an additional concern, namely, my personal integrity and honour in the matter. May I refer to one charge that seems to be made against me. The hon. member charges that I made no attempt to clear up the charges that were made against me in the press as early as 20th February last. I should like to say in all seriousness that my experience has been that if I attempted to clear up all the charges that are made against me in the press, I might not have time to do much else.

4 p.m.

I am going to read some correspondence that speaks for itself and deals with this matter. This is the first letter:

Home Bank of Canada,
Head Office,
Toronto, May 7, 1924.

Hon. JAMES MURDOCK,
Minister of Labour,
Ottawa, Ontario.

Dear Mr. MURDOCK,—The statement has been made to Mr. Weldon and myself, as liquidators, of the Home Bank of Canada, that withdrawals of funds from the Home Bank of Canada were made just prior to the suspension of the bank, and in some cases after its suspension, by various persons who received knowledge or an intimation of the condition of its affairs. The matter has come before the creditors' committee and counsel for the bank, who inform us that it is our duty—as we believe it is—to take steps to have these withdrawals returned. We have already in a number of cases dealt with the matter and received returns. In going over the reports we notice the withdrawal by you from the Ottawa branch, of some $4,000, and the statement made to us is that this money was withdrawn after banking hours. The contention is that you received a preference, which the statute would not allow if the facts as stated to us are correct. Under these circumstances I have felt that I should write to you about the matter and ask whether you are prepared to return the money and rank as a creditor against the estate, receiving the 25 per cent dividend that has already been paid in the connection. I shall appreciate it if you will be kind enough to let me hear from you as to whether you are willing to do so or not, or whether on the contrary you would prefer to have the matter brought before the referee for adjudication.

Yours truly,
G. T. CLARKSON.

I replied to that as follows:

Ottawa, May 14, 1924.

Dear Mr. CLARKSON:

I have your letter of the 7th instant, relative to my withdrawals of moneys from the Home Bank of Canada.

On August 15 last I withdrew from the Home Bank, Ottawa branch, $4,050 and made this withdrawal in the ordinary course of business.

In view, however, of what is set forth in your letter, and of what has been disclosed in connection with the bank's transactions in recent weeks, I propose to return the money which I then drew out.

I may say that I do not think that I am under any legal obligation to do so, but no depositor of the Home Bank will suffer through any act of mine, and especially so in my position as a minister of the Crown.

I enclose to-day my cheque for $1,050 and hope within a few days more to send you the balance, namely, $3,000. If, however, I am entitled to the benefit of the 25 per cent dividend already paid to depositors I would understand that I should only have to pay $2,000 more.

I might add that although I had already a balance of $80.24 or so there, and had filed my claim, I received no dividend on that.

Yours truly,
JAMES MURDOCK.

Mr. G. T. CLARKSON,
15 Wellington St., W.,
Toronto.

Yesterday morning, just before I received the notification from my hon. friend that he was going to deal with this matter to-day, I received the following letter:

Toronto, May 16, 1924.

Hon. JAMES MURDOCK,
Ottawa, Canada.

Re Home Bank of Canada

Dear Sir:

I am in receipt of your letter of the 14th instant for which I am obliged. I send you herewith a statement of the amount which, under my computations, it will be necessary for you to refund. From it you will see that the 25 per cent dividend paid can be credited against the withdrawal and that the net amount only will be refunded.

Your truly,
G. T. CLARKSON.

Accompanying that was this statement dated May 20, 1924:

Memo for Hon. James Murdock, Ottawa, Ont.

James Murdock Withdrawal Account

August 15—Charge.. .. ..$4,050	bal. $4,050	debit
May 16—Refunded.. 1,050	bal. 3,000	debit
May 16—25 per cent dividend on bal. ($4,140.89) 1,035 22	bal. 1,964 78	debit
Interest 5 per cent Aug. 15, 1923-May 16, 1924.. 150 30	bal. 2,115 08	

That leaves a balance due, as claimed on this statement, of $2,115.08, which I might add, will go forward shortly.

Mr. PORTER: What is the date of that?

Mr. MURDOCK: The letter which accompanied the statement is dated May 16; the statement itself is dated May 20. The postmark on the envelope shows that the letter was posted at 8.30 p.m. on May 20.

So, Mr. Speaker, that is all which it would seem necessary for me to say at the present time. I leave the matter entirely in the hands of the House.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, with all that the hon. member for West Hastings (Mr. Porter) has said respecting the importance of maintaining the honour, the dignity and integrity of parliament, of members of parliament, and particularly of ministers of the Crown, I am, and I believe every hon. member of this House is in most hearty accord. The hon. member was careful to state when he made his presentation to the House that he was doing so, to use his own words, "in the light of facts as they have been disclosed to me". Since he has made his statement he has had further facts disclosed to him; he has now that full information before him which hon. members would wish to have in judging matters of this kind, and I leave it to him to say whether in the light of the full knowledge which he now has he thinks he will be maintaining the dignity, integrity and honour of this House by pressing his motion to a division.

I might add, Mr. Speaker, that with respect to this particular matter any necessity for an inquiry by a select standing committee of parliament is unnecessary in view of action which the government has already taken. My hon. friend said that he hoped the government would permit an investigation of the charge which he had made. Possibly he has forgotten that quite early in the session, after the government had announced to parliament that Mr. Justice McKeown had been appointed to investigate representations which had been made to the government with regard to the interests of the depositors of the Home Bank, some hon. members drew attention to the fact that the commission appeared to be limited in the matter of time, and did not extend up to the moment of the bank's failure nor did it go back to the time when the bank itself was established. Rather than have it appear—quite erroneously, certainly—that the government was in any way seeking to circumscribe the extent of the inquiry, and in order to demonstrate our desire for the fullest possible investigation into all phases of the bank's failure, the order in council originally passed was amended on the 17th March last. I laid on the Table a copy of this amended order at the time, and I will now read it to the House in order that its terms may be incorporated as part of the record. It is as follows:

The Committee of the Privy Council have had before them a report, dated 11th March, 1924, from the Hon. G. P. Graham, for the Prime Minister, submitting that since the publication of the order in council of the 23rd February, 1924 (P.C. 306), providing for an investigation into the affairs of the Home Bank of Canada, representations have been made to the government, in the House of Commons and from other quarters, as to the advisability of extending the inquiry.

It was explained by the Right Honourable the Prime Minister that, in referring to a commissioner allegations prepared and presented to the government by the depositors of the bank, the government were possibly going as far as the depositors would think it necessary or advisable, but that in view of the representations now made, the government was prepared to have the fullest possible investigation made and to authorize the commissioner to investigate the affairs of the said bank from the issue of its charter down to the date of its failure.

The Committee of the Privy Council therefore advise that the powers of the commissioner under the said order in council be not limited to the specific years 1915, 1916 and 1918 referred to in the petition of the depositors, but should extend to an investigation of the affairs of the said bank during the whole interval between the issue of the bank's charter and the failure of the said bank, including any representations made to the government of the day, as to its condition, any action taken by any of the Ministers of Finance upon such representations as may have been made, and the effect on the position of the depositors of any audit under section 56a of the Bank Act if made at any time in consequence of such representations.

In view of additional representations which have been made to the government that at divers times while the said bank was in existence deposits were made and afterwards withdrawn by various depositors, under conditions which might require explanation, the Committee of the Privy Council further advise that the attention of the commissioner be especially directed to this feature in the course of his investigation.

So, Mr. Speaker, on the 17th March last this government had already by order in council referred to the commissioner who has been, and is still, taking evidence, any "representations which have been made that at divers times while the said bank was in existence deposits were made and afterwards withdrawn by various depositors under conditions which might require explanation." The commissioner has completed one part of the inquiry. The government have asked him not to continue to the end, but rather to hasten the part of his report which is of most concern to the depositors, and to present this to the government as quickly as possible so that we can deal with it this session. It has of course, been assumed that the commissioner would continue his work after he had made an interim report on the one phase he has been inquiring into and take

up other matters which still remain to be investigated and which are included in the amended order. I submit, Mr. Speaker, that this particular matter is fully covered by the amended order and can be brought before the commissioner by any person who may desire so to do, and that there is no necessity for the committee on Privileges and Elections to make a further inquiry. If, however, my hon. friend or those who are associated with him on the other side of the House feel that any right and proper purpose for maintaining the honour, dignity and integrity of this House or of any member or of any minister will be served by having the further investigation which he now suggests, then on behalf of the government I wish to say that we will be only too ready to have this motion pass.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, this is an occasion and this is a subject which do not afford pleasure to any hon. member on any side of the House. It is very rarely indeed that questions of personal propriety as respects ministers or members come before parliament. Only once or twice in our history has it happened. On this occasion the proper course undoubtedly has been pursued by the hon. member for West Hastings (Mr. Porter). He has made allegations of conduct against a minister of the Crown, conduct inconsistent with the traditions and honour of parliament, conduct designated as improper in every case where similar questions have arisen in this or in the British House. He has taken the full responsibility, and in a speech temperate in tone and very fair in every aspect has laid his charges and made his motion. The motion is the right motion. The Privileges and Elections committee historically is the committee which always deals with any contested question affecting the privileges of parliament. There has never been a case in our history where, a charge being formally laid, the full responsibility being taken and a reference to this committee asked for, such a request or such a resolution has been negatived.

It is solemnly important on an occasion of this sort—it is indeed, imperative—that in this discussion the utmost fairness be manifested toward the minister accused—important because of the nearness of the whole subject to the fortunes of his career, to his personal self-respect; important also because he is necessarily and rightly absent during the debate. I take the Prime Minister's attitude to be not one of criticism of the method pursued but rather one of request to the mover of the motion that in view of two things the motion be withdrawn. The first fact upon which he bases his request is that the accused minister has now returned the money, or purposes returning in full the money, which he wrongfully withdrew.

Mr. MACKENZIE KING: That is not quite correct.

Mr. MEIGHEN: Which it is alleged he wrongfully withdrew.

Mr. MACKENZIE KING: No; my point is this: The hon. member said in presenting his motion that he was doing so, to use his own words, in the light of facts as they had been disclosed to him. My point now is that he has before him facts which he had not at the time he introduced the resolution and that in the light of those facts he might possibly not desire to press it.

Mr. MEIGHEN: That is exactly what I intended to say; the first of these further facts being the fact of the return, or prospective return, of the money, in response to a request from the liquidator of the bank. The second basis of the request is that, as claimed by the Prime Minister, there has been a commissioner sitting looking into Home Bank matters for certain purposes and that under the terms of the reference to that commissioner the hon. member might have gone to him, or might yet go, if he so desires, to press his case.

Dealing with the request and the double basis therefor, I want to draw to the attention of the House a very remarkable circumstance. We are here in the presence of a charge definitely made of misconduct, of personal impropriety on the part of a minister of the Crown; we have heard the statement of the minister, which statement, so far as I gathered from his words, contained no denial of the charge at all. This is a most extraordinary situation. The charge, mark you, is one undoubtedly of grave misconduct, misconduct that never can be cured by subsequent repentance or restitution; it was either wrong or it was not.

Mr. MACKENZIE KING: I do not think I should let my right hon. friend's statement that the minister admitted some charge made against him go unchallenged.

Mr. MEIGHEN: I did not say he admitted it.

Mr. MACKENZIE KING: He denied it in his letter. He said clearly in his reply to the liquidator that his action was in the ordinary course of business.

Mr. MEIGHEN: That is not a denial to this House. Whether the minister intended

to deny it or not, he did not deny it, and if he intended to it is most unfortunate that he did not. In all fairness to him I think an opportunity should be given him even yet to deny in toto the allegations of the hon. member. There was no specific admission on his part, but within the four corners of his address he never disputed the allegation that he obtained information as a minister of the Crown and as a trustee of this nation, and that of this information he made use to his own advantage, made a use which others for whom he was trustee could not possibly make.

Mr MACKENZIE KING: How could my right hon. friend say that he made use of this information for his own advantage? I think he made it quite clear that the money he returned was his own money and that he paid $150 odd in interest in addition to that.

Mr. MEIGHEN: I do not think the Prime Minister is quite fair or well-advised in thus interrupting me. I did not say that he had done it; I said such was the charge against him, namely, that he had used information so secured for his own advantage by withdrawing a large sum of money and thereby saving three-quarters of that money. Now, this is the allegation definitely made. That such conduct is wrong there can be no dispute, and I cannot appreciate the attitude of the Prime Minister—I hope he really does not persist in it—that conduct fundamentally wrong in itself is altered if subsequently the minister returns the money. Such a course does not alter the original conduct at all. I do not say it is not to the credit of the minister that he returns the money, but it does not alter the character of the initial conduct in the least; it does not change its colour in any sense at all. So that the minister stands now in the position of being charged with a grave impropriety and of leaving that charge unchallenged before his withdrawal from this House.

Mr. MACKENZIE KING: Assuming for the moment that what is alleged here were being considered there is, to my mind, a very great difference between doing a thing for the purpose of gain and taking a course which, "without injury or injustice to third parties," avoids loss in regard to one's own affairs.

Mr. MEIGHEN: I make no objection to that interruption, because the Prime Minister now is directly on the point. The allegation is that the information obtained as minister was used for his own advantage—

Mr. MACKENZIE KING: And profit to himself.

Mr. MEIGHEN: The Prime Minister intimates that while it may be wrong for a minister to use information obtained as such to make a profit over and above the money he already has, it is quite right—at least he says it is a different thing—for him to use the same information to avoid a loss of the money he has. I do not think the Prime Minister on reflection will urge that contention; I do not think he can sustain it in his own mind. Where is the difference in the moral position? Not the slightest. It may be that some six months or a month before, this money was worth its whole weight. At the time the money was withdrawn, or just before, it was not; it was worth three-quarters, but it was raised to one hundred per cent of its par value by the action of the minister. But the authorities are all so clear. If the Prime Minister will read the expressions of Mr. Balfour, now Lord Balfour; of Mr. Cave, now Lord Cave; of Sir Rufus Isaacs, himself, the accused; of Mr. Lloyd George, himself, jointly accused; of Mr. Asquith, at the time Prime Minister; of Sir Edward Grey,—of every one who took any part in the debate on a question of alleged impropriety exactly similar to this, he will find that in every case they laid down the dictum that no minister for his own advantage, whatever it might be—and it is as much advantage to save what you have as to make more—may use information which he secured as a minister of the Crown.

No, there is no disputing what the rule is. There is no disputing that on all sides of all politics, in all times in the history of the British Parliament and wherever a question has arisen in our own, it has constantly been held that no minister can use information gained as such to gain any advantage for himself. Why, if this rule is to be looked upon lightly, or is to be shaded, as suggested by the Prime Minister, what is going to be the effect on, say, the rest of the servants of this Dominion? Constantly in the practice of departments, deputy ministers, heads of branches and others in positions of trust, necessarily receive information as such which they could use to their own advantage, but which if they did they would be held accountable to the head of the department, and if rightly held accountable, would find their positions gone. If ministers are to be permitted to do these things and their conduct go unchallenged by this House, how can we ever after hold accountable those who, under ministers are put in equal temptation and to whom the same conduct is open? No, as to the rule and its inexorable necessity there is no doubt.

Now, are we to be told that the government will not accede to the motion, or at least that the hon. member for West Hastings should not push the motion, because the hon. the minister has since returned, at the request of the liquidator, the money which we say he should not have withdrawn? If the accused minister will state that the allegations of fact set forth in the resolution and set forth in the formal statement of facts preceding it, are not wrong, that the hon. member for West Hastings is not in the position of having falsely accused a fellow member of this House, then I see no reason at all to press the motion further. But as the case stands now if the motion is not pressed, then the hon. member for West Hastings is in the position of having put forward claims and allegations against a fellow-member which stand unsustained. It is owing to the hon. member for West Hastings to give him an opportunity to establish his allegations if they are denied by the hon. minister; but if they are not denied, of course, there is no object in going any farther.

Now the Prime Minister says, as well: Oh, the member for West Hastings could have gone, or he could go yet, to Judge McKeown; others have been. Judge McKeown's is not the tribunal before whom the honour of a minister of the Crown should be tested in a matter affecting the privileges of parliament. Why, it is so absurd as almost to defy argument, the suggestion that because within the powers of a commission, which commission was appointed for a distinctly different purpose—to find out whether or not the government of Canada or the parliament of Canada should recoup depositors of the Home Bank—because within the general sweep of its powers, all impliedly for that purpose, all impliedly to be exercised in order to ascertain what shall be his report on that single question, the commission might track down the circumstances now before us therefore the regular procedure of this House is to be reversed and the committee on Privileges and Elections is not to have the opportunity of performing its duty. No, this suggestion does not admit of argument at all. The motion in your hands, Mr. Speaker, embodies the proper procedure, and when charges are formally laid the committee on Privileges and Elections is the proper tribunal. Consequently, I do not see how the hon. member for West Hastings can be asked to retreat from the position he has taken, a position which on all fours is right, and which I think the government should accept.

Motion agreed to.

[Mr. Meighen.]

LAUSANNE CONFERENCE

On the Orders of the Day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I would like to inform the House, on the Orders of the Day, that on Monday next I purpose to lay on the Table of the House by agreement with the British government certain of the papers respecting the Lausanne Conference and the Lausanne Treaty. They will be laid on the Table of the House in the Commons in London at the same time they are laid on the Table here. As I assume that members of the House will wish to have the opportunity of perusing this correspondence, I will take steps immediately to have it printed, assuming that the House will be willing to order the printing of a number of copies after the treaty has been laid on the Table.

WAYS AND MEANS

CUSTOMS TARIFF ACT, 1907, AMENDMENT

The House in committee of Ways and Means, Mr. Gordon in the chair.

3. Resolved, That Schedule A to The Customs Tariff, 1907, as amended by chapter twenty-six of the statutes of 1914, chapter nineteen of the statutes of 1922 and chapter forty-two of the statutes of 1923, be further amended by striking thereout tariff items: 275, 445, 445a, 446, 446a, 446b, 447a, 447b, 448, 448a, 448c, 449, 450, 453b, 591, 663, 682, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of said items, and to provide that the following items, enumerations and rates of duty be inserted in Schedule A:—

On item 445:

Sir HENRY DRAYTON: I would ask the minister, in connection with this resolution, whether the statement made, I think, by the Minister of Agriculture, that the manufacturers of agricultural implements were to have restored to them the Crowsnest pass rates, was or was not correct.

Mr. ROBB: I submit to my hon. friend that that has nothing whatever to do with the resolution under consideration now.

Sir HENRY DRAYTON: It has a very profound influence upon the effect of these reductions on that industry. Their market is the western market, and it has been used before as an argument against reducing at all the customs tariff. In this budget debate, unless I am entirely mistaken in my recollection, the hon. Minister of Agriculture (Mr. Motherwell) made that statement. Is there any mystery about it?

Mr. ROBB: None whatever, so far as I am concerned.

Sir HENRY DRAYTON: Well, is it true?

Mr. ROBB: Hansard will show whether or not the hon. member made that statement.

Sir HENRY DRAYTON: I am not asking whether he said it. Supposing he did say it; is it true? Is that the arrangement, that the manufacturers of agricultural implements are to have returned to them the Crowsnest pass rates?

Mr. ROBB: I must ask my hon. friend to raise that point when the Minister of Railways is before him with his estimates. I submit to my hon. friend, who is an old parliamentarian, that that question has absolutely nothing to do with the question now under consideration.

Sir HENRY DRAYTON: I really do not know what the mystery or the difficulty is in this matter. It seems to me that if I were a party to an arrangement I would not be ashamed of it, and if I were not a party I would frankly say so. I really cannot understand the trouble here, nor do I understand the point raised that this question is not relevant. Why, the basis of an argument made from the government benches in this very debate was that it was relevant.

Mr. FORKE: What arrangement does my hon. friend refer to?

Sir HENRY DRAYTON: I will state it again: That the manufacturers of agricultural implements were to have restored to them the Crowsnest pass rates.

Mr. FORKE: The hon. gentleman knows that no arrangement is necessary for that purpose; the rates would go into effect automatically.

Sir HENRY DRAYTON: I do not say whether it is necessary or not.

Mr. FORKE: There is no arrangement.

Sir HENRY DRAYTON: The hon. gentleman is very quick at rushing to the rescue when any issue uncomfortable to hon. gentlemen opposite has been raised, he does that all the time and I expect it from him. He may not be as wise as hon. gentlemen opposite but he is certainly more courageous, there is no doubt about that. However I do not think such action on his part is wise. We all know that previously parliament suspended those rates, and it is equally true that if parliament does not suspend them again the lower rates will come into effect. But I am just trying to find out what the fact is—whether the arrangement or understanding of the manufacturers is that the Crowsnest pass rates on agricultural implements are to be allowed to go into effect.

Mr. FORKE: May I ask another question?

Sir HENRY DRAYTON: Let us see if we can get my question answered first.

Mr. FORKE: All right. I was just going to ask—

Sir HENRY DRAYTON: One minute. Let us hear what the minister has to say.

Mr. ROBB: While I do not like to press my genial friend so far as to ask for the ruling of the Chair, I appeal to him as an old parliamentarian and a man of common sense if the question he has just raised has anything whatever to do with the matter now being considered in connection with this resolution.

Sir HENRY DRAYTON: Questions of costs, questions of marketing, questions of the difficulty of carrying on business would have to be looked into in seriously considering any tariff—at any rate I would have thought so. And one of the chief elements of costs in doing business to-day is transportation rates. Now the effect of allowing, by a total absence of government action, the Crowsnest pass rates to go into effect will make a decrease in connection with rakes, binders and mowers, a decrease ranging from 20 to 24 per cent in the cost of transportation to western Canada, which is something which enters vitally into the question. That is, of course, if these questions are approached from a business standpoint to some small degree and not entirely from a political standpoint. If we are considering the business effect of tariff changes we have to bear in mind these very matters that I have referred to—expense to carry on business or manufacturing, the expense of marketing, and so on. Does my hon. friend say that railway rates have nothing to do with the expense of marketing?

The CHAIRMAN: Shall the item carry?

Sir HENRY DRAYTON: We had better do what the minister suggests, allow the Chair to rule without further discussion.

Mr. ROBB: I am satisfied.

The CHAIRMAN: Shall the item carry?

Sir HENRY DRAYTON: The minister suggests, Mr. Chairman, that you should rule upon the materiality of my request.

The CHAIRMAN: No point of order has been raised. When it is raised I will rule.

Sir HENRY DRAYTON: I do not think the minister would be serious in raising such a point of order. Manifestly my request is in order. Why should we not have the information? Why should we not know—in connection with the changes in tariff rates on agricultural implements—whether that change is to be so tempered as that this large reduction in the cost of transportation, largely at the expense of the Canadian ratepayer generally, will come? Now why should we not have the information?

Mr ROBB: Do I infer from the last sentence of my hon. friend's observations that he is opposed to the Crowsnest pass agreement coming into force?

Sir HENRY DRAYTON: I have spoken more than once in connection with the Crowsnest pass agreement. I am absolutely opposed to a system that differentiates among Canadians as to the railway rates they shall pay. I believe in having railway rates honestly and fairly fixed by the body appointed for that purpose. I further realize that the basis of railway rates varies from time to time and that changes either up or down have to be made. My position is no secret. The whole secret here is, that apparently my hon. friend does not want to give any information in connection with an absolutely vital question—the question of carrying on this business under the present tariff.

Mr. MACKENZIE KING: Why should my hon. friend (Mr. Robb) make any statement that will bind the freedom of this House in any respect in regard to railway matters when he is discussing a question connected with the tariff? Until the last day of this session the House will have the right to take whatever action it may think best in regard to railway matters when railway matters are under consideration. At present we are discussing the tariff which is an entirely different subject.

Sir HENRY DRAYTON: Of course I fully appreciate the point my right hon. friend makes. I fully appreciate the position he takes, that matters of public policy are to be fixed by this House, that the government is not to be responsible for them. I am not disputing that position of the government's for one minute. But in this very debate, as showing that the agricultural implement manufacturers could carry on and will carry on, a member of the government stated that they would get the benefit of the Crowsnest pass rates. Now, I am merely trying to find out whether the government has so stated or merely an individual member of it; whether on the question of any such arrangement the government has any mind at all.

Mr. CALDWELL: I cannot help but think that we are discussing the effect of the reduction of the duty on farm implements from one angle entirely, and I think possibly that is the fault of members in our corner of the House. I should like to discuss the matter from a little different angle. As I said, nearly the whole discussion so far has hinged on how these changes will affect the manufacturer. I should like to point out how the reduction in the duty on farm implements and fertilizers especially will affect the producers of Canada, who after all should be considered in some small measure, I think, in view of the fact that they are the most numerous class; I will go so far as to say they have more money invested in their occupation than the manufacturers of farm machinery have invested in theirs. Last year a witness from the province of New Brunswick appeared before the committee on agricultural conditions, a man who both grows potatoes and exports them, a man who lives very close to the international boundary in the province of New Brunswick, a man who buys both American and Canadian potatoes and is very closely acquainted with the cost of growing potatoes in the two countries and the price received for them. I will quote briefly from this gentlemen's evidence, question and answer, as follows:

Q. I believe you live very close to the American boundary?
A. Yes.
Q. Is there any difference in growing potatoes in New Brunswick and in Maine?
A. Yes, sir.
Q. Where can they be grown the cheaper, would you say?
A. Maine.
Q. Would you tell us why?
A. For several reasons. Fertilizer is higher in New Brunswick.

Further down he states that fertilizers are from $8 to $10 a ton cheaper in Maine. That has been overcome absolutely by the abolition of the duty on fertilizers. I had better give the prices. These are the cash prices on mixed fertilizers in Maine and in New Brunswick in 1921—lists issued from the same Canadian office:

	Prices		
Analysis	Maine	New Brunswick	Difference
4-6-4..	$58 12	$72 07	$13 95
5-8-7..	70 45	84 40	13 95
4-6-8..	63 01	76 96	13 95

I may say that that year there was more difference in the price than there had been formerly, due to the fact that the cost of

fertilizer was higher, and the difference is the amount of the duty higher in New Brunswick in addition to a premium on American money at that time, although our fertilizer concerns pay no duty on the chemicals, and bring them all practically from the United States.

I wish to go back to this gentleman's reasons for stating that potatoes could be grown cheaper in Maine than in New Brunswick. I can give it from memory, but I would rather quote the exact words of the witness. He said the price of farm machinery was from 25 to 35 per cent higher in New Brunswick than the state of Maine.

Mr. CHAPLIN: When was this?

Mr. CALDWELL: In 1921. He gave the evidence last year before the committee on agricultural conditions. He gave the date and the price.

Mr. CHAPLIN: Twenty-five per cent higher, with a duty of ten per cent.

Mr. CALDWELL: I think you will find that on potato machinery there was a much heavier duty. We do not use a binder to grow potatoes.

Mr. STEVENS: You are talking about binders.

Mr. CALDWELL: No. We use binders too, and there would not be so much difference in binders. We will all admit that. He was asked about the price of land, and he said it was cheaper in New Brunswick than in Maine, although here is this block of country about the shape of a big serving platter, one hundred miles long and possibly fifty miles wide, with the American boundary running through it lengthwise, and the soil exactly the same on each side of the boundary and weather conditions certainly the same. The only difference is that our fertilizer costs the farmer from $8 to $10 a ton more in New Brunswick than in Maine, due to the tariff. This gentleman was asked if he did not purchase both Maine and New Brunswick potatoes and he said yes. He purchases them and ships them all out of New Brunswick. His warehouse is in New Brunswick close to the boundary line. He is allowed to buy American potatoes, haul them across to New Brunswick and ship them out as American potatoes, because they really are American potatoes. He must keep them in separate warehouses. He was asked the difference in price and he said he paid the Maine farmer 85 cents to $1 more per barrel that he paid the New Brunswick man who was on the same siding, simply because potatoes were grown across the line, and therefore could be shipped to the American market without paying duty. Hon. gentlemen can imagine the effect of this on the farmers in New Brunswick. This condition has had the effect—and I want to give a concrete illustration—of depopulating the province of New Brunswick and populating the state of Maine. In the potato belt in the Maine section one-third of the farmers are men who have been raised in New Brunswick, and who either abandoned their farms, or sold them for whatever they could get, went to Maine and bought farms at a very high price. A neighbour of mine, who lived very close to me some years ago, sold 105 acres—of as good land as there is in Maine with good buildings, for $1,750. This farm was about four miles from the American boundary on the Canadian side in the potato belt, and about two miles from a railway, very advantageously situated for potato growing. Of course you must be near a railway in order to market potatoes, because it requires a good deal of hauling to get them to a railroad. He went over to the state of Maine, to a point about four miles from the boundary line, about two miles from a railway, and bought land in the district, and I think if you dropped a man in the middle of one farm, and then dropped him in the middle of the other farm, he could not tell by the soil or crop which farm he was on. He bought 55 acres of land in Maine with no better buildings, and paid $7,500, simply because he could buy fertilizer and machinery cheaper, and his help would cost no more; but he could get 85 cents to $1 more per barrel for his potatoes. That has had the effect of driving people from New Brunswick to the state of Maine. About one-third of the farmers in that potato belt in the state of Maine are New Brunswick men who migrated to the States on account of these conditions.

I thought I should not let this opportunity pass without showing the other side of the picture. I sincerely hope that putting fertilizer on the free list, reducing the duty on machinery as well as removing the sales tax—which by the way the Maine farmer does not have to pay—will improve conditions. These things possibly account for the difference in price of machinery being even greater than the duty on machinery, because they do not pay any sales tax in the United States on farm machinery, or on anything else. I do not think they have any sales tax.

These are the conditions, and I hope these reductions will stop the flow of people from

New Brunswick into the state of Maine, because we certainly have as good a soil and the same climate.

We have individual potato growers in New Brunswick who produce enough potatoes to feed the largest city in New Brunswick along with their home market, and they export all their output except what the farmers eat themselves. We have few large towns in New Brunswick. I doubt if we ever will have very many because our geographical situation will never tend to develop large industries or large cities in the Maritime provinces.

Mr. TOLMIE: What protection does the American farmer get on his potatoes?

Mr. CALDWELL: Fifty cents per hundred pounds. Our farmer is also protected with a duty of 20 to 30 cents per hundred pounds.

Mr. HUGHES: Twenty-five.

Mr. CALDWELL: It would not make any difference if they were free, because potatoes will not go from a market that will pay a dollar a barrel more than the grower can get at home. Therefore we have no fear of competition because there are no potatoes coming our way.

Mr. BROWN: You would not like the protection raised to fifty cents?

Mr. CALDWELL: That would not matter because nobody in our country is importing potatoes. With the exception of the people in a few towns that are supplied by the farmers immediately surrounding those towns, we are all producers of potatoes. The price in the home market is fixed by the price for export.

Mr. BROWN: You do not suggest, as some of our friends do, that our duty should be the same as that in the United States?

Mr. CALDWELL: I should like to quote from a clipping to show that a high protective tariff has not made the farmers rich in the United States. This is from the Montreal Gazette of January 24, 1924, and is contained in Mr. Coolidge's address to Congress:

> Mr. Coolidge told Congress that these were measures by which without undue alarm or agitation, but nevertheless promptly and effectively, we can bring to bear on a serious, though happily a localized emergency, every resource of the federal government, and all the assistance which the business and farming community can render.
>
> The economic situation in certain wheat-growing sections of the northwest, the president said in his message, is reaching a stage that requires organized co-operation on the part of the federal government and the local institutions of that territory for its solution.
>
> Great numbers of individual farmers are so involved in debt, both on mortgages and to merchants and to banks, that they are unable to preserve the equity of their property.

If more evidence were needed than what I have given, this will show that high protection does not benefit the farmer, especially in a country that is growing vast quantities of farm produce, more than can be consumed in that country, because in that event, the natural law of supply and demand has this result, that the price in the home market is set by the price that can be obtained for your export, especially when your exports are much greater than what is used for home consumption. I could not let this opportunity pass withou presenting the other side of the picture.

Sir HENRY DRAYTON: I do not know what other side of the picture my hon. friend is referring to. I was referring to the concession which was said to have been given to the manufacturer, and we shall try to get back to what we have been speaking about. I just want to point out to the minister that this is something which cannot be got rid of just by a laugh or by saying that it has nothing to do with the question. It has everything to do with the question. It may have a good deal to do with the question which the hon. gentleman thought was of such importance, namely, the announcement of the company as to reductions.

5 p.m.

In connection with these very rates in 1922, I gave the House—and I am going to show the minister the size of this concession—information as to rates on agricultural implements. I showed how trifling was the question of duties in influencing costs as against railroad rates and that statement was never controverted. It cannot be controverted. I will take the same examples that were given at that time for the purpose of saving time. The first article that was given was a sixteen marker western drill with single disc attachment. This drill with its single disc attachment weighs complete 1,260 pounds. The freight as then paid was $16.82 and the shipment was from Hamilton to a good characteristic point in western Canada, namely, Moose Jaw. No one ever complained that that did not represent the actual movement. It did. No one ever complained that the two points selected were not fair. They were.

Mr. ROBB: Is my hon. friend quoting carload rates?

Sir HENRY DRAYTON: Yes. The rate given is $16.82, and that was under the reduced rate that was negotiated by Sir Thomas White in connection with his former budget.

I mention this fact merely to show how closely interrelated these matters are, so that at that $16.82 rate, it was entirely out of line; but if the Crowsnest pass rate is put in, the rate will be $12.47, a reduction of $4.35, or a reduction on the implement of 25.86 per cent.

The next item was a ten-foot horse rake weighing 460 pounds. The then existing freight rate was $6.14 for the same movement, Hamilton to Moose Jaw. The Crowsnest pass rate will reduce that to $4.55, a reduction of $1.59 or 25.89 per cent.

The third instance given was a six-foot binder with bundle carrier and transport attachments, weighing 1,560 pounds. I give the weights so that my hon. friend can easily check these calculations from the rates, because the rate is so much per hundred pounds. The rate is $20.83. The Crowsnest pass rate is $15.44, or a reduction of $5.39. Surely my hon. friend must see how material this question is. I again ask: Was the statement made by the Minister of Agriculture (Mr. Motherwell), when he said, in connection with this debate or used words to this effect, that these people that manufactured these implements would get the benefit of the Crowsnest pass rate? Is that the situation?

Mr. ROBB: Did he say that they would get it or that the western farmer would get it? Who does my hon. friend think would get it?

Sir HENRY DRAYTON: I will not play with words with my hon. friend. I am not playing at catch words at all.

Mr. FORKE: It makes a great difference to the farmer.

Sir HENRY DRAYTON: We do not gain time by senseless interruptions. I am asking a question as to a matter of fact. If my hon. friend says that it is not a matter of moment to the eastern manufacturer to be able to ship his machines in at a much lower rate to western consuming territory than his American competitor can, I will take his answer, but it will be very much at the peril of my personal opinion of his good sense. He knows very well that that is a matter of the greatest importance to every trade. It is idle to play with words. Cannot we get the truth somewhere in this matter? What is the reason for the delay in answering a perfectly plain question? Why are we not entitled to the information?

Mr. MacLEAN (Prince): Is my hon. friend in favour of the reduction?

Sir HENRY DRAYTON: Are we making these reductions? Of course, I know the policy of the government is to throw responsibility on everybody and anybody except themselves. But unfortunately we are not running things. I have already said what I think about it. Is there any necessity for my saying it again?

Mr. MacLEAN (Prince): We would like to have an answer to the question.

Sir HENRY DRAYTON: I have not changed my mind in this brief time, and whatever answer I give will make not the slightest difference to the question of the veracity of the Minister of Agriculture's (Mr. Motherwell's) statement.

Mr. MacLEAN (Prince): I thought my hon. friend was in favour of giving assistance to the manufacturers; apparently he was very anxious to protect them on the duty. This is something that will help them if it goes into effect. He is surely also in favour of helping the consumer in the West. What is his position? We would like to have the logic of his argument.

Sir HENRY DRAYTON: Just at present I am not arguing at all, I am trying to get facts—the truth—if it is possible; it may be impossible to get this information, but I intend to go on trying. So far as helping the manufacturer or anybody else at the expense of unfair and privileged railway rates is concerned I am not in favour of it, and I have said so many times. What is the use of my repeating it? I have said it plainly enough I should think to get into anybody's head. Am I to get an answer to a question which is absolutely pertinent to these very items and is being considered from time to time in connection with them: Is it true that there is an understanding between the manufacturers of agricultural implements and the government that the old Crowsnest pass rates will be allowed to again come into effect?

Mr. ROBB: Mr. Chairman, if there was before the committee a question as to the price at which agricultural implements had been sold and were to be sold in western Canada, I could understand the argument of my hon. friend. That is not the question under consideration at all. It is purely a question of readjustment of the customs tariff, and my hon. friend is only delaying the information which he seeks, because the government will be prepared in due course to announce its stand upon the question of freight rates. But this is not the proper time to discuss freight rates. Let me remind my hon. friend, who was not in the House at the time, that I was a member of the opposition and had some-

thing to do at least with keeping members in the House while the legislation was being enacted and I recall distinctly when Sir Thomas White introduced the legislation reducing freight rates on agricultural implements to western Canada points, and I can assure my hon. friend that at that time there was no obstruction on the part of the Liberal party to that small concession being given to the western farmers.

Sir HENRY DRAYTON: I suppose Sir Thomas White told the truth at once. If the opposition could get that, there was no necessity for obstruction.

Mr. FORKE: Mr. Chairman the hon. member for West York (Sir Henry Drayton) has referred to interruptions preventing him from getting along with the business of the House. It is very difficult for an ordinary member to interject even a few remarks when the hon. gentleman is engaged in a disputation. Althought I do not want to interrupt, I certainly want an opportunity to speak once in a while during the debate. We have occupied pretty nearly an hour discussing a simple question which the hon. member has asked the Acting Minister of Finance (Mr. Robb). and which apparently he is not going to answer, yet the hon. member has plied the same question backwards and forwards for at least half an hour anyway. I wonder who is wasting the time of the house. I have got on my feet scarcely half a dozen times but members to my right have remarked about my obtuseness and the difficulty of getting anything into my head. But that does not hurt me when I consider where it comes from. Indeed I think it a slight personal tribute that those hon. gentlemen take the trouble to make such remarks. I should like some information on this change of tactics by my hon. friends to my right during the last day or two. For weeks we listened here to their woeful tales of the way in which our manufacturers in Toronto, Brantford and Hamilton were going to be ruined, in fact they were already going out of business; now it seems that these hon. members have completely turned around and are of opinion that those very manufacturers whose misfortunes they so much deplored are getting too many good things altogether. I do not know what has happened to bring about this change of front. I think it is pretty well recognized in the House to-day that the success of our manufacturing industry depends to a very large extent on the prosperity of the prairie provinces. As everyone admits that without further argument why so much disputation if there is any chance of a little reduction in freight rates on agricultural implements? Such a reduction will help everyone —manufacturers and others—all along the line. I think we all realize that the great question before the country to-day is cheaper transportation, and unless freight rates are brought within reach of the western producer, we are not going to see very prosperous times in Canada for some time to come. I am very pleased to know that there may be a chance of a reduction in freight rates on agricultural implements to the West, but I am quite willing to wait until the proper time comes for that announcement to be made by the government. I do not see what is to be gained by having the question asked so repeatedly all this afternoon. Let us get on with the business of the House.

Mr. MACKENZIE KING: In answer to the last remark of my hon. friend (Sir Henry Drayton) as to whether there is an understanding between the government and the implement makers that the Crowsnest pass rates will go into full effect, I might say there is no such understanding. The only understanding between the government and the implement makers is contained in the records that have already been brought down.

Sir HENRY DRAYTON: That is all the information I have been asking for.

Mr. MACKENZIE KING: What I wanted to make clear when I spoke a moment ago was that parliament is free to deal with the question of freight rates as it may think best and has up to the end of the session to take action. If my hon. friend asks me whether there is an understanding in respect to freight rates, I tell him there is no understanding. The really important thing, as the hon. member who has just taken his seat (Mr. Forke) has said, is: How in fact is the budget affecting the industries which it is intended to affect; how is it affecting them and of what advantage is it going to be to the country? I happen to have in my hand a letter which is quite pertinent on this point. It comes from the sales manager of the John Deere Manufacturing Company, Limited, and has been sent out to their agents. It is as follows:

WELLAND, ONT., May 14, 1924.

Dear Sir:

Re Price Revision Effective by the Budget of April 11.

We are now able to pass on to the trade the benefits that the new budget will enable us to do, as set out in the schedule of price reductions attached hereto. There is every reason to face this new price situation with great enthusiasm because we are able to give the consumer this price reduction that he has been looking forward to. This now imposes the responsibility upon the user of farm implements to allow no further postponement of buying more freely what he requires in farm implements, enabling himself to produce at lower cost and to once more enable

the manufacturer to set his wheels going, and which is bound to help increase consumption for the products of the farm.

We will depend upon every dealer in John Deere implements to stimulate his trade, which you are now in position to go ahead and do.

Yours very truly,

JOHN DEERE MANUFACTURING CO., LIMITED.
JNO. W. KOTTMEIER,
Sales Manager.

Sir HENRY DRAYTON: Are the figures given?

Mr. MACKENZIE KING: I have not the attached schedule.

Sir HENRY DRAYTON: It would be very interesting to have that.

Mr. MACKENZIE KING: I have no doubt that I could get it for my hon. friend. The point I wanted to make clear is this, that the manufacturers of implements found it was not necessary for them to wait to see what action parliament would take on railway rates before determining what their reduction should be. They indicate that already they are prepared, with the reductions in duties that have been proposed, to make very substantial price reductions.

Mr. MEIGHEN: "Reductions in duties" is good in that connection—really good.

Mr. MACKENZIE KING: Duties and sales tax.

Mr. MEIGHEN: I felt rather sorry at the cruel rebuke embodied in the Prime Minister's remark to the hon. member for Brandon (Mr. Forke), though I knew he would not accept it that way.

Mr. FORKE: I would not bother about that if I were you.

Mr. MEIGHEN: I knew he would not accept it that way. Here was a question to which he had been trying for an hour to get an answer, but in vain; now it is answered, and the responsibility for the whole of that would be obvious to the hon. member.

Mr. FORKE: I am glad that the right hon. gentleman came to the rescue of the hon. member for West York.

Mr. MEIGHEN: No, the Prime Minister came to the rescue, apparently to the discomfiture of my hon. friend.

Mr. FORKE: Oh, I am quite happy.

Mr. MEIGHEN: It would look as though, from the letter read, the John Deere Company have confidence that they can rely upon this Crowsnest return. I do not know what they rely upon. I will accept the Prime Minister's statement that there is no understanding; I fancy, though, that some of them will wonder whether they have misunderstood things. Now, this letter says that by reason of these changes there will be reductions, but until we know the reduction we do not know what to attribute it to. So far as we know now we have had a reduction which is scarcely the amount of the sales tax reduction. I wonder if it demonstrates to hon. members just what the effect of the duty reduction was? Does any hon. member think that there would be the slightest particle of difference now in the price of these goods to the consumer had the duty never been touched? Does any hon. member think that the price would not be exactly what it is now had the sales tax alone been removed? Does not the John Deere letter precisely indicate that? I fancy that the schedule would wholly confirm it. However, hon. gentlemen just wanted some excuse to be able to say, "We got these reduced." But I would advise them always to carry with them the schedule of prices to the consumer of December, 1921, before this government got at elevating the sales tax and tinkering with the duty. Let them do that and then put beside it the schedule of prices to-day.

Mr. FORKE: Would my hon. friend allow me to make a remark in regard to these prices?

Mr. MEIGHEN: Oh yes, I am very generous to the hon. member.

Mr. FORKE: I think I mentioned on a previous occasion about pricing a double disc drill at Pipestone when I was home. The Massey-Harris agent told me at that time that he was authorized to state that any further reductions that could be made when the changes proposed in parliament came into effect would be made. He was allowed to make that statement.

Mr. MEIGHEN: I should think he would be. I do not think it was a very world-shaking statement. All the man said was that any that could be made would be made. Yes, and what could be made have been made.

Mr. FORKE: They are not the final figures. They may be lower yet.

Mr. MEIGHEN: They may? "Hope springs eternal in the human breast," especially in the breast of a Liberal-Progressive with respect to a Liberal government's budget. The whole thing is so plain that I should think a child could understand it. All this performance, all this trumpeting, all these manifestoes about duty reductions, all this de-

liberate unfairness to a long line of industries —I am not thinking now of implement industries—has resulted in what? In saving not a single cent to a farmer. Nobody is hurt by the sales tax reduction except the treasury, but all the rest has been demonstrated to have had no result at all. But of course hon. gentlemen to my left, being co-partners in this scheme with the government, always have to smile, always have to try to convince somebody of their great achievement—and the poor farmer is in the position of paying more for his implements than he was paying when they came down here and started at their task. That is the position he is in.

Mr. FORKE: It is very discouraging.

Mr. MEIGHEN: Well, it is the fact.

Mr. EVANS: What is that owing to?

Mr. MEIGHEN: Well, certainly there is no decrease to be owing to anything, that is sure.

Mr. EVANS: The prices of raw material increased.

Mr. MEIGHEN: They have been reducing the duties on the raw material, and I should think the prices would come down by that reduction. I thought that living costs were coming down under this government, and one would think that raw material would come down with living costs. What is dearer?

Mr. EVANS: Steel is dearer the world over.

Mr. MEIGHEN: Oh, I do not know that it is. Has the hon. gentleman compared the price of steel now with the price of steel in December, 1921? I did not have that impressed upon me by any one with whom I reviewed the subject. I do not think the hon. member is correct. The hon. member for Lincoln (Mr. Chaplin) would know about that.

Mr. CHAPLIN: There has been no increase in steel since 1921.

Mr. MEIGHEN: Again the straw seems to have escaped which the hon. member was clinging to. The fact is that except for the political effect, whatever hon. gentlemen may dream that is, the whole thing is a total failure, all this tinkering with the duties.

Mr. EVANS: Does the right hon. gentleman infer that if implements were on the free list there would still be no difference?

Mr. MEIGHEN: If implements were on the free list I would expect to happen what happened with glass—the foreign manufacturer, having us in his grip, would make us pay the price.

[Mr. Meighen.]

Mr. EVANS: Then why the calamity howling?

Mr. MEIGHEN: I would howl if the foreign manufacturer had me in his grip and I think the hon. gentleman would very soon howl. The effect on his understanding would be excellent, because he has a good understanding. Had he not come here prejudiced by the teachings of his boyhood he would never be talking as he does to-day at all; he would have learned from experience. No, this reading of letters and reading of statements, this telling about the reduction and trying to get some one to believe that it is due to reduction of duty when it is due entirely to the taking off of sales tax, most of which this government put on—well, it will not appeal to the understanding of very many people in the country, and apparently does not.

Mr. CHAPLIN: The average price of steel in Canada in 1921 was $352 per hundredweight, and the average price in 1924 was $292.

Mr. MEIGHEN: Come again.

Mr. CALDWELL: After I sat down, an hon. member, who had too much regard for my bashfulness to put a question to me while I was on my feet, asked a question which led me to believe that I had not sufficiently elaborated the subject of men leaving New Brunswick and going to Maine, and I would just like to complete my statement. He asked, why the great difference in the price of land as between areas so near to each other? The point had evidently not been made plain to him, and I want to make it plain by this statement. Suppose two men, one on each side of the line, plant 50 acres of potatoes—and that would be a small planting in that potato belt. They get 100 barrels an acre. The price was from 85 cents to $1 more to the American than to the Canadian, and on that basis the farmer in Maine would receive $4,250 more for his 5,000 barrels of potatoes than the farmer in New Brunswick would receive, although there is only an imaginary line between the two farms. So you can readily see why a man would go over to Maine and pay what seems to us fabulous prices for land. I want to make this statement in connection with the one case I spoke of. The man who sold his farm in New Brunswick for $1,750 had been on that farm for ten years, and had not got it paid for; he still owed about $300 on it. He went into Maine with $1,500 and an old pair of horses as his whole capital, and bought 55 acres of land for $7,500, and in four years he had paid

for his farm and was driving as nice a car as any man in Maine, and he had it paid for. That just illustrates the difference.

Mr. CHAPLIN: All done under a good duty on potatoes.

Mr. CALDWELL: I want to add that this man struck four years as good as could be experienced. There have been years when they did not make big money in Maine. But whether they make big money or small, the New Brunswick farmer is getting $4,250 less for every 5,000 barrels of potatoes than his Maine neighbour, and this is enough to induce him to pay five and six times more for land in Maine than he can sell his land in New Brunswick for. We would be thought stupid if we did not go into Maine under those circumstances; and the wonder is that we have any farmers left in New Brunswick; it is only our great patriotism that has kept us at home. We have the most patriotic people in the whole country, and we are practically living on our patriotism. However, we hope this reduction in duty will add to our wealth.

Item agreed to.

On item 445a:

Sir HENRY DRAYTON: Can my hon. friend give me the same information as to the old rates?

Mr. ROBB: The old rates were 15, 17½ and 17½ per cent. The proposed rates are 5, 6 and 6 per cent.

Sir HENRY DRAYTON: The British preference is 15 per cent, intermediate 17½, and general 17½ per cent, and now the duty is reduced to 7½ per cent all round?

Mr. ROBB: No, the proposed rate is 5, 6 and 6 per cent.

Sir HENRY DRAYTON: According to the printing I have here, the proposed rate is 7½, 7½ and 7½ per cent.

Mr. MEIGHEN: My hon. friend has only the second budget; the third budget changes that, and we are not through yet.

Mr. ROBB: If my hon. friend will refer to the resolutions of Wednesday, April 30—

Sir HENRY DRAYTON: We are getting badly mixed up, because I thought we were considering the resolutions of April 10. Is this an amendment we have not got yet? We have had distributed to the committee this sheet headed "Ways and Means Resolutions—Resolutions of 10th April, 1924." That is in this type, and here is another one which Mr. Russell has, with a different heading and in different type. Had we not better confine ourselves to the sheet before we go on? I would ask the Chairman what resolution he has in his hand.

The CHAIRMAN (Mr. Marcil): It is dated the 10th of April.

Sir HENRY DRAYTON: What duties are shown in that resolution?

The CHAIRMAN: For item 445a, the duties are 7½, 7½ and 7½ per cent.

Sir HENRY DRAYTON: That is what has been distributed to the members. Perhaps we had better get right before we get any further wrong. I do not think the hon. member for Brandon can say it is my fault this time; I did not give the Chairman that print. It is an awful thing to think he cannot find fault with me.

Mr. CALDWELL: Is this sheet a supplement to the other, or a substitution?

Mr. ROBB: There are three sets of resolutions. I am not sure which of them was called.

Mr. MEIGHEN: Maybe the minister has been changing his policy too fast for the printer.

Mr. STEVENS: Would it not be a good thing to have these four or five sets of resolutions all brought into one pamphlet, so that we could have them all before us? I think the committee should rise, so that the minister could have that done.

Mr. ROBB: We can correct the items as we go along.

Mr. STEVENS: Apparently what the Chairman has been reading from yesterday and to-day are not the resolutions that should be passed at all.

Sir HENRY DRAYTON: I have had another one put into my hand. It is just the same as the one I have, 7½, 7½ and 7½ per cent.

Mr. ROBB: Hon. gentlemen will find the amended resolutions in the Votes and Proceedings of April 30.

Sir HENRY DRAYTON: I think we had better get it into the hands of the Chairman.

Mr. ROBB: He must have it.

Sir HENRY DRAYTON: In order to save the time of the House as much as we

can, perhaps the minister would inform me as to what the duties were on imports under the British preferential tariff under this item, 445a?

Mr. ROBB: The imports all came in under the general tariff.

Sir HENRY DRAYTON: No imports under the British preferential tariff, none under the intermediate tariff, all under the American or general? What was the amount of imports?

Mr. ROBB: It was $95,918.

Sir HENRY DRAYTON: What will the loss of duty be?

Mr. ROBB: We collected $16,785.79 in duty, and we estimate the loss in duty at $11,030.

Mr. CALDWELL: What rebate was given on this raw material on which $16,000 was paid?

Mr. ROBB: I would not have that information before me now.

Mr. CALDWELL: That would be a very important thing to know.

Mr. ROBB: Nothing under mowers, binders and reapers. Forty per cent was rebated on the others.

Mr. CALDWELL: Steel bars that enter into mowers, reapers and binders are free—they were free anyway.

Mr. ROBB: Ninety-nine per cent rebate.

Mr. CALDWELL: Was not that material on the free list when it entered into the manufacture of binders, mowers and sowing machines?

Mr. ROBB: It is on the free list now.

Mr. CALDWELL: But before?

Mr. ROBB: There was ninety-nine per cent rebate.

Mr. CALDWELL: Then we should have the amount rebated under the old system. The minister might bring that down later.

Sir HENRY DRAYTON: Cannot the hon. gentleman give us a list of all the articles he is exempting from duty? His expert will have the information in front of him.

Mr. ROBB: There are a number of articles which enter into the cost of manufacture of agricultural implements and which are to be entered at the rate of duty specified.

Sir HENRY DRAYTON: That does not give us very much more information. I am asking the minister what the articles are that he is exempting from duty, what the specific articles are. Surely the government know what they are exempting?

Mr. ROBB: This is rolled iron and rolled steel.

Sir HENRY DRAYTON: Ah! but there is more than that. Does my hon. friend say that only rolled iron and steel are affected.

Mr. WHITE: What is the item under consideration?

The CHAIRMAN (Mr. Marcil, Bonaventure): The item is 445a.

Mr. WHITE: That does not concern rolled iron or steel.

The CHAIRMAN: The resolution we are considering is the amending resolution brought down on April 30, and which reads as follows:

2. That said resolution be amended by striking out tariff items 445a, 445b, 533b, the several enumerations of goods respectively and the several rates of duties of customs, set opposite each of said items, if any, and by substituting therefor the following items, enumerations and rates of duty:

Tariff item 445a. Articles which enter into the cost of the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, when imported by manufacturers of such goods for use only in the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591. Provided that goods which are entitled to free entry or a lower rate of duty than is mentioned in this item shall not be entered at the rate specified in this item. British preferential tariff, 5 per cent; Intermediate tariff, 6 per cent; General tariff, 6 per cent.

Mr. ROBB: My hon. friend was asking what items were affected?

Sir HENRY DRAYTON: No, I was asking what the articles are.

Mr. ROBB: The articles that are affected?

Sir HENRY DRAYTON: Certainly.

Mr. ROBB: The articles that go into the manufacture such as bolts, nuts, malleable castings, rubber belting, canvass—anything entering into the manufacture of implements.

Sir HENRY DRAYTON: I do not think my hon. friend is doing himself justice. There is a very large list of articles. My hon. friend surely knows what he is doing. But he cannot know what he is doing unless he knows each and everyone of these articles, and will tell the committee that no other articles enter into the manufacture and should come under these items.

Mr. ROBB: All the articles that go into the manufacture of the machine—all the component parts of the machine will be affected.

Sir HENRY DRAYTON: Ah! But there is a great deal of material used.

Mr. ROBB: Yes, I admit that.

Sir HENRY DRAYTON: And this large quantity of material is made up in different places and under different conditions.

Mr. ROBB: Yes.

Sir HENRY DRAYTON: And the circumstances as to the production of one part may not have anything to do with the circumstances under which another part is produced. Surely the minister will agree with me that it is important that we should get this information and should know—that is if we are looking at the question from the point of view of business and not from the point of view of politics—just what articles are affected. At present we do not know what the articles are. I should have thought the minister would have had that information.

Mr. ROBB: I can give my hon. friend a list of some of the articles. For instance there will be canvass, rubber belting, castings, bolts, nuts, paint possibly—articles going into the manufacture of tools that go with the machine. My hon. friend will quite understand that.

Sir HENRY DRAYTON: I do not know if the information I have here is correct, so I hesitate to give it. My hon. friend referred to malleable castings.

Mr. ROBB: Yes.

Sir HENRY DRAYTON: They are certainly one of the things.

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Grey iron castings.

Mr. ROBB: Yes, I have just mentioned castings.

Sir HENRY DRAYTON: But I am taking the different classes of castings, because they are under a different tariff. Grey iron castings are covered?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Core compound. Is that covered?

Mr. ROBB: Yes, I should say that would be covered.

Sir HENRY DRAYTON: Core oil?

Mr. ROBB: Yes, I should think so.

Sir HENRY DRAYTON: Do chisels come under this item or not?

Mr. ROBB: Yes, if used as tools with the machine.

Sir HENRY DRAYTON: That is how they would be used, would they not?

Mr. ROBB: They might be, yes.

Sir HENRY DRAYTON: My hon. friend will see he has not got very much information.

Mr. ROBB: I am following my hon. friend.

Sir HENRY DRAYTON: I suppose chisels might come under the low rate. Now cotter pins—that is steel cotter pins and wooden cotter pins—and steel crucibles.

Mr. ROBB: Yes.

Sir HENRY DRAYTON: I see my hon. friend nods his head but Hansard cannot record a nod. Now, dowel-rods and dowels?

Mr. ROBB: I should think if they were part of the machine they would come under it.

Sir HENRY DRAYTON: I should think they would but my hon. friend ought to know what he is doing, whether he is hitting the dowel people or not. This is the subject matter of his resolution, surely he is the one to know, not me. What is the answer?

Mr. ROBB: We will admit they are going in as farm machinery.

Sir HENRY DRAYTON: I do not want to be unfair to my hon. friend. If he does not know, it is unfair for me to go on establishing facts, because he may be stating something which is not correct. I only want the truth, and I want to know what we are legislating about. I suggest to my hon. friend that he should bring down a list of all the articles entering into the manufacture of articles which will be covered by these reductions. He will have it right then.

Mr. ROBB: That would involve a long delay.

Sir HENRY DRAYTON: I have a statement here, but I do not know whether it is correct or not, and I do not want to use anything which is not right. This gives a long list. I will let my hon. friend have it, and I am not going to delay the House by going over this tremendous list. If he will say that he will have it checked up and let us know what the facts are, we can put it on Hansard and save time. If he will acquiesce in my suggestion I will desist.

Mr. ROBB: I would suggest that my hon. friend send the list to some reputable manufacturing firm and have it checked up. I am not a manufacturer of agricultural implements.

Sir HENRY DRAYTON: But you have an expert adviser here. Surely the minister will not take the position that he does not know what he is legislating about.

Mr. ROBB: Oh, no.

Sir HENRY DRAYTON: That is the position unless you tell us what articles are going to be affected. It must be so. I am quite content to take the answer of the minister. If he will admit that the government does not know what it is doing—

Mr. ROBB: I will be quite content to take the list and have the customs authorities who are to administer the act, look carefully into it and check it over.

Sir HENRY DRAYTON: I will put it on Hansard, and then the minister can have it checked. My instructions are that these are only some of the things.

Mr. ROBB: Carried.

The following is the memorandum submitted by the hon. member for West York (Sir Henry Drayton):

Exhibit

Item 445b of the tariff changes effective the 11th April, 1924, provides as follows:—

"445b. Rolled iron or steel in bars, coils or rods and pig iron, when imported by manufacturers for use exclusively in their own factories in the manufacture of goods enumerated in tariff items 445 and 446....FREE."

Under the above provision, rolled iron or steel in bars, coils or rods, and pig iron, are free of duty and sales tax, when imported by manufacturers for use exclusively in their own factories in the manufacture of the following:

Item 445—
Mowing machines,
Harvesters, self-binding or without binders,
Binding attachments,
Reapers,
Complete parts of the foregoing.

Item 446—
Cultivators,
Harrows,
Horse-rakes,
Seed drills,
Manure spreaders,
Weeders,
Complete parts of the foregoing.

Item 445a of the tariff changes effective April 11th, 1924, provides as follows:

"445a. Articles which enter into the cost of the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, when imported by manufacturers of such goods for use in the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, provided that goods which are entitled to free entry or a lower rate of duty than is mentioned in this item shall not be entered at the rate specified in this item..... 7½%"

[Sir Henry Drayton.]

All materials or goods which enter into the cost of the manufacture of the following, and which would be subject ordinarily to higher duties than 7½%, are to be admitted under above quoted item when imported by manufacturers for use in the manufacture of the following goods:

Item 445—
Mowing machines,
Harvesters, self-binding or without binders,
Binding attachments,
Reapers,
Complete parts of the foregoing.

Item 446—
Cultivators,
Harrows,
Horse-rakes,
Seed drills,
Manure spreaders,
Weeders,
Complete parts of the foregoing.

Item 446b—
Ploughs,
Complete parts thereof.

Item 447b—
Wind-stackers,
Threshing machine separators,
Baggers,
Weighers and self-feeders,
Complete parts of the foregoing.

Item 448—
Spraying machines,
Fruit or vegetable grading machines,
Incubators for hatching eggs,
Brooders for rearing young fowl,
Pruning hooks,
Pruning shears,
Hay loaders,
Potato diggers,
Fodder or feed cutters,
Grain crushers,
Fanning mills,
Hay tedders,
Farm or field rollers,
Post-hole diggers,
Snaths,
Milking machines,
Milking machine attachments.
Centrifugal machines for testing butter fat, milk or cream,
Stumping machines,
Agricultural implements not otherwise provided for.
Complete parts of the foregoing.

Item 591—
Farm wagons,
Logging wagons,
Complete parts of the foregoing.

Some goods used in the manufacture of the foregoing, and a comparison of the old and new rates of duty, are listed below the better to illustrate the scope of these changes, viz.:

Material	Old Rate	New Rate
Adjustable Sieves..	15%	10%
Air cleaners..	10%	6%
Babbit..	15%	7½%
Baggers for threshers..	15%	10%
Balls, Steel, for binders, etc.. ..	10%	6%
Ball bearings..	10%	6%
Barrels..	25%	7½%
Benzine (gasoline).. .. .. ..gal.	2½%	7½%
Bits..	30%	7½%
Blades..	12½%	7½%
Bolts.. .. ..100 lbs.	75c and 25%	7½%
Brake lining..	30%	7½%
Brass Injectors..	15%	10%

Exhibit—*Con.*

Material	Old Rate	New Rate
Brass rods	10%	7½%
Brass, sheet	10%	7½%
Brass tubing	10%	7½%
Brass valves for threshers	15%	10%
Brooms	20%	7½%
Brushes	27½%	7½%
Buckles	30%	7½%
Carburetors for harvesters	10%	6%
Calcium Chloride:		
In packages, 25 lbs. or more in weight ..100 lbs.	15c	7½%
In packages less than 25 lbs. in weight	25%	7½%
Malleable castings	17½%	7½%
Grey iron castings	27½%	7½%
Cement ..100 lbs.	8c	7½% or 8c which-ever is the lower rate.
Chain, 1⅛-in. in diameter and over	5%	5%
Chain, other	20%	7½%
Chalk	17½%	7½%
Charcoal	17½%	7½%
Chisels	30%	7½%
Core compound	17½%	7½%
Core oil	17½%	7½%
Cotter pins, steel	30%	7½%
Cotter pins, wooden	25%	7½%
Crucibles, steel	30%	7½%
Dowel rods and dowels:		
Wooden	25%	7½%
Steel	30%	7½%
Brass	30%	7½%
Drills	30%	7½%
Drill chucks	27½%	7½%
Duck, cotton	20%	7½%
Emery cloth	25%	7½%
Emery wheels	25%	7½%
Files	30%	7½%
Fire Brick	22½%	7½%
Fuel oil gal.	.00½c	.00½c or 7½% whichever is the lower
Gaskets, metal insertion	35%	7½%
Gaskets, rubber	27½%	7½%
Gears, cut and dressed—		
For binders	10%	6%
For threshers	15%	10%
Glue	27½%	7½%
Goggles	30%	7½%
Grease	17½%	7½%
Grease cups	12½%	7½%
Grindstones—		
Over 36-in	15%	7½%
Under 36-in	25%	7½%
Helicoid flights	10%	6%
Hinges, brass	30%	7½%
Hinges, Iron or Steel ..100 lbs.	75c and 25%	7½%
Hacksaw blades	27½%	7½%
Iron, galvanized sheet	12½%	7½%
Knives—		
For reapers, etc	10%	6%
Ensilage, for feed cutters	15%	10%
Lead scrap lb.	1c	1c or 7½% whichever is the lower
Lock washers	30%	7½%
Lumber, planed on more than one side	25%	7½%
Machinery and parts for plant	27½%	7½%
Motors for harvesters	10%	6%

Exhibit—*Con.*

Material	Old Rate	New Rate
Nails ..100 lbs.	60c	7½%
Nuts	75c and 25%	7½%
Oil cups, brass	30%	7½%
Oilers	30%	7½%
Pig iron ..net ton	$2.50	Free
Pipe	30%	7½%
Plaster of Paris ..100 lb.	12½c	7½%
Plowbeams ..ton	$7.00	7½%
Plumbago	10%	7½%
Pulleys for threshers	15%	10%
Pulleys, belt	27½%	7½%
Robber hose	35%	7½%
Sand paper	25%	7½%
Rivets ..100 lbs.	75c and 25%	7½%
Rope	25%	7½%
Saws	30%	7½%
Saws, band and circular	27½%	7½%
Scrap cast iron ..ton	$2.50	7½%
Screws of all kinds	35%	7½%
Seats, Steel	30%	7½%
Complete parts for mowers, binders and harvesters	10%	6%
Complete parts for other machines	12½%	7½%
	15%	10%
Seacoal facing	25%	7½%
Shovels, moulders'	32½%	7½%
Sieves for harvesters	10%	6%
Soapstone	17½%	7½%
Spirit levels	25%	7½%
Springs, wagon	17½%	10%
Springs, coil	30%	7½%
Staples	30%	7½%
Steel, hot rolled, bars, etc..ton	$7.00	Free (in bars, coils & rods)
Steel hot rolled, bars, etc....ton	$7.00	7½%
Sheet steel	12½%	7½%
Steel, cold rolled	12½%	7½%
Tags	35%	7½%
Tag wire	20%	7½%
Taps, machine	27½%	7½%
Teeth, harrow	12½%	7½%
Teeth, thresher	15%	10%
Tin, sheet	12½%	7½%
Tubing, steel	5%	5%
Tools	30%	7½%
Tubing, Rubber	27½%	7½%
Washers, flat steel ..100 lbs.	75c and 25%	7½%
Washers, leather	25%	7½%
Weighers for threshers	15%	10%
Wax, moulders' vent	10%	7½%
Welding compound	17½%	7½%
Wire	20%	7½%
Wire cable	25%	7½%
Wire cloth	30%	7½%
Wrenches	30%	7½%
Handles, finished—		
Plow	15%	10%
Cultivator	12½%	7½%
Hammer	25%	7½%
Belting—		
Leather	22½%	7½%
Rubber	22½%	7½%
Canvas	27½%	7½%
Lubricating oils	20%	7½%
Kerosene oil ..gal.	2½c	7½%
Rolls, chilled iron, for grain crushers	15%	10%
Paints—		
White lead, dry	30%	7½%

Exhibit—*Concluded.*

Material	Old Rate	New Rate
White lead, ground in oil.. ..	37½%	7½%
Colors, dry, N.O.P...	22½%	7½%
Liquid fillers, anti-corrosive and anti-fooling paints and ground and liquid paints, N.O.P...	30%	7½%
Paints and colors, ground in spirits.. .. ..gal.	$1.25	7½%
Varnishes, Lacquers, Japans, Japan Dryers, Liquid Dryers and oil finish, N.O.P... .. gal.	20c and 22½%	7½%
All spirit varnishes and lacquers.. .. ..gal.	$1.25	7½%
Putty..	25%	7½%
Linseed oil .. ..100 lbs.	$1.65	7½%
Disinfectants..	20%	7½%
Garnet paper..	25%	7½%
Spring keys..	30%	7½%
Lamps (Tungsten)..	30%	7½%
Moulders' Bellows..	25%	7½%
Moulders' Riddles..	30%	7½%
Transfers..	22½%	7½%
Electrical equipment	27½%	7½%

Under Item 1027 of the tariff changes effective April 11th, 1924, manufacturers of malleable iron castings or of steel shafting for use exclusively in the following articles may import all materials for such manufacture by paying the regular rates of customs duty conditional upon a drawback for home consumption of 80% of the duty so paid on furnishing proof of manufacture, viz.:

Mowing machines,
Harvesters, self-binding or without binders,
Binding attachcments,
Reapers,
Complete parts of the foregoing,
Cultivators,
Harrows,
Horse-rakes,
Seed drills,
Manure spreaders,
Weeders,
Complete parts of the foregoing,
Ploughs and complete parts thereof,
Wind-stackers,
Threshing machcine separators, including baggers, weighers and self-feeders therefor and complete parts thereof,
Spraying machines,
Fruit or vegetable grading machines,
Incubators for hatching eggs,
Brooders for rearing young fowl,
Pruning hooks,
Pruning shears,
Hay loaders,
Potato diggers,
Fodder or feed cutters,
Grain crushers,
Fanning mills,
Hay tedders,
Farm or field rollers,
Post-hole diggers,
Snaths,
Milking machines,
Milking machine attachments,
Centrifugal machines for testing butter fat, milk or cream,
Stumping machines,
Agricultural implements n.o.p.,
Complete parts of the foregoing,
Farm wagons and complete parts thereof,
Logging wagons and complete parts thereof.

[Sir Henry Drayton.]

Mr. FORKE: We have certain numbers following 445a. Do those numbers correspond with the numbers in the customs tariff here?

Mr. ROBB: We are striking out these numbers, putting in new numbers and reclassifying the items. I think my hon. friend will be able to follow it more intelligently when we are going through the tariff.

Mr. CALDWELL: I think that the hon. member for Brandon (Mr. Forke) wishes to ask: Is this item numbered 446, in this circular to take the place of 446 which is being struck out?

Mr. ROBB: It strikes out the old number.

Mr. CALDWELL: And it will follow the corresponding number in here. I think that is the point.

Mr. FORKE: Yes, that is the point. Item 445a in the customs tariff reads:

Malleable iron castings when imported by manufacturers for use exclusively in their own factories in the manufacture of mowing machines, harvesters, binding attachments and reapers.

Mr. ROBB: That will be struck out and the new item will take its place.

Mr. HARRIS: Would the minister go one step further, and say to the House that the ingredients which go to make up the core compounds will be admitted to the country free of duty?

Mr. ROBB: The Customs department will determine that.

Sir HENRY DRAYTON: You do not think the customs tariff should be left, as to the making of a rate per se, a matter of customs regulation? If anything would be absolutely improper and objectionable, it would be that tariff rates should be a matter of administration to be dealt with by a man who is here to-day and gone to-morrow and not settled by the House. It should not be done.

Mr. ROBB: The rates are established under the tariff.

Sir HENRY DRAYTON: But there is a plain question: Are the ingredients which go to make up the core compounds covered by the reductions? My hon. friend says that would be administered by the Customs.

Mr. ROBB: If they can establish to the satisfaction of the Customs department that they enter into the cost, then the rate will apply.

Mr. STEVENS: The minister surely is not right in that statement. Take the case of a firm in the constituency of my hon. friend who asked the question, an importer or maker of core compounds which he sells to implement manufacturers, or to any other kind of manufacturer for general use; he cannot import his ingredients free. He pays 15 and 17½ or 25 per cent on the ingredients of this compound; but an implement manufacturer can import the finished article, the core compound under this item at 7½ or 5 per cent British preferential, while the manufacturer has not the advantage of bringing his material in free.

Mr. ROBB: I will admit the provision is that the implement manufacturer has the right solely to import; but you must admit that these compounds might be used for other purposes where the product enjoys a higher tariff. Would it be fair under those circumstances to make them free to all?

Mr. STEVENS: Here is a manufacturer who is making core compounds. We will say his output is 100 tons; it does not matter what figure you take. He sells half of that to the implement manufacturer. You are now virtually removing the duty upon it or reducing it to a very small amount The implement manufacturer brings his core compound from the United States or from Great Britain. The Canadian manufacturer of that core compound is deprived of half his market. and he has not the privilege of a corresponding reduction, to enable him to manufacture and meet the foreign competition.

Mr. ROBB: But I would remind my hon. friend that he has been fairly well protected.

Mr. STEVENS: But only for half of his output.

Mr. ROBB: That will have to be established.

Mr. STEVENS: We must take hypothetical figures, because we have not the exact figures. As a matter of fact some manufacturers sell a great deal more than half of their output to the implement manufacturers. The same thing applies to iron rods nuts and such like. You are giving to the implement manufacturer a reduction in his raw materials. In doing so you are depriving the other manufacturer in respect of something like 225 articles, if I recall it correctly, of a market which has been his for so long, and not giving to him the reduction you are giving to implement manufacturers who are importing the raw material.

Mr. ROBB: I will admit that there may be cases where there will have to be a readjustment along certain lines, but that happens in revisions of all tariffs. In all such revisions you must leave it to the government, and there is power under the act to make the readjustment. It is not the desire of the government to hurt or injure any person, but it is their desire to bring about such conditions as will enable the manufacturer of agricultural implements, or implements used in the development of the mines or the forests of this country, to sell at a lower cost, so as to develop those industries. That is what we started out to do and we propose to carry it out, but we do not propose to work an injury to any industry in this country if that can be avoided The Customs Act is flexible enough to empower the government, as questions are brought before them and established, to make adjustments, and these adjustments later on will be brought to another session of parliament for confirmation. I think my hon. friend understands that.

Mr. HARRIS: Will the minister be good enough to go a little further?

Mr. ROBB: Do not ask me to go too far.

Mr. HARRIS: Just keep going until we get you where we want you. There are many hundreds of tons of concentrate of core compounds in stock in Canada on which these duties have been paid. What disposition will be made of requests which have come for relief in connection with duties that have been paid on these particular stocks?

Mr. ROBB: I have observed, through an experience of some years in parliament, that when reductions in duties take place, there is always some person coming to dip into the government chest for rebates, but I have never known any person, when there was an increase of duty, to come forward and offer to pay the balance into the treasury.

Item agreed to.

On item 446:

Mr. ROBB: Might I suggest to my hon. friend that we would save time by passing this resolution striking these items out, and he will have ample time to debate the other items when we come to them?

Sir HENRY DRAYTON: But we are getting rid of them as we are going along. What are the present rates of duty?

Mr. ROBB: Ten per cent, 12½ per cent and 12½ per cent. It is proposed to make them free, 7½ per cent, 7½ per cent. The estimated reduction of revenue is $10,277. There was imported for consumption during the fiscal year ended 31st March, 1923, $205,000 worth.

Sir HENRY DRAYTON: How much under the British preference?

Mr. ROBB: Sixteen dollars' worth.

Sir HENRY DRAYTON: How much under the intermediate?

Mr. ROBB: None.

Sir HENRY DRAYTON: How much under the general?

Mr. ROBB: The total is $205,554. From that you deduct the amount imported under the British and the intermediate tariffs, which is a nominal amount. I will give the information as we come to the other items.

Sir HENRY DRAYTON: The minister knows pretty well what information. Perhaps he could have prepared during recess a list giving the schedule with that information.

Mr. ROBB: I would suggest that we pass resolution No. 3 down to the words "schedule A", and I will get the information for my hon. friend.

Mr. FORKE: I would suggest that before we rise the minister should try to get this straightened out a little. It has been a puzzle ever since we started.

Mr. ROBB: We will when we get to the resolutions.

Mr. CALDWELL: I submit that resolution No. 3 is not carried because that includes all the items of the new duties.

Mr. ROBB: It is carried just down to the words "schedule A".

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: Clause 3 carried.

Mr. STEVENS: Clause 3 carried?

The CHAIRMAN: Yes; but not the schedules attached.

Mr. STEVENS: As a matter of fact, I did not see the minister in his seat and I did not know you were going on, Mr. Chairman.

The CHAIRMAN: I am going to report this to the Chair and leave it where it stood at six o'clock.

Mr. STEVENS: You are not declaring it carried?

The CHAIRMAN: No, I am leaving it where it stood at six o'clock.

Progress reported.

[Mr. Robb.]

Mr. STEVENS: Mr. Speaker, I may be wholly wrong in my understanding, but I understood we were reporting progress on resolution No. 3.

Mr. SPEAKER: Two or three items were carried before 455, I think, striking out clause 2; those have been agreed to. Then we passed on to clause 3 at six o'clock, and Ways and Means stands just as it was when we took recess.

SUPPLY

AGRICULTURE

The House in committee of Supply, Mr. Gordon in the chair.

Health of animals (administration and enforcement of Animal Contagious Diseases Act and Meat and Canned Foods Act).. . $2,000,000

The CHAIRMAN: This item stood over from the last sitting of supply.

Hon. W. R. MOTHERWELL (Minister of Agriculture): Mr. Chairman, I think the committee will recall that when this vote was under consideration last week the question of the retirement of Dr. Torrance was discussed. Some of the files I had not with me at the time, and I think it was the request of the hon. member for Fort William and Rainy River (Mr. Manion) and the hon. member for Vancouver South (Mr. Ladner) that when this matter was again before the committee I should bring the balance of my files. I have done so. Inasmuch as the letter written by Dr. Mohler of Washington has already been read to the committee by the hon. member for Vancouver Centre (Mr. Stevens), I do not purpose to place it on Hansard again unless requested so to do.

Mr. STEVENS: The Mohler letter that we asked for was another letter.

Mr. MOTHERWELL: In reply to a letter from Dr. Torrance.

Mr. STEVENS: No, another letter that the minister said he had, casting certain reflections upon Dr. Torrance. I read the official letter from Dr. Mohler.

Mr. MOTHERWELL: There is only one that I know of.

Mr. STEVENS: The hon. minister intimated there was another letter from Dr. Mohler reflecting upon the action of Dr. Torrance.

Mr. MOTHERWELL: No, there is just the one communication, which my hon. friend placed on Hansard.

Mr. MANION: I distinctly remember the minister suggesting that Dr. Mohler had reflected upon Dr. Torrance. I should like to

know what he based that suggestion on if there is no further letter from Dr. Mohler.

Mr. MOTHERWELL: If the hon. member will wait—he asked me for my files—he shall have everything in consecutive order. The next letter I have that I think will be of interest deals with the question raised by the hon. member for Vancouver South (Mr. Ladner). He took the ground that he did not think Dr. Torrance had been quite fairly dealt with in the matter of his annuity, in that he had been led to believe that he would get $1,500 based upon seventeen or eighteen years' service, whereas he was allowed only $900 based on eleven years' service. I think it is quite obvious that we could not make any such arrangement inasmuch as the amount of annuity is governed by statute, and I believe I can show that I made this quite plain to Dr. Torrance in my correspondence. Here is my letter in reply to Dr. Torrance, which I think clearly indicates the nature of his letter to me, and therefore in order to expedite matters I will not read his letter unless the committee so request. I have all the orders in council that were passed in connection with this matter, but I do not want to clutter up Hansard with all these documents. On August 29, 1923, I wrote to Dr. Torrance as follows:

Dear Doctor,—

On my return to the city this morning I find your favour of the 22nd instant awaiting my attention. Replying, I note what you say with respect to the decision of those having authority in such matters, that your retiring annuity under the terms of the Calder Act would be approximately $900 instead of $1,500 as anticipated.

When you decided to retire under the terms of the Calder Act you and I could not possibly come to any agreement as to the definite amount of the annuity, as that was, as I understood it, determined by the act itself which I had not then consulted.

What I did agree to was that I would recommend to my colleagues that, in addition to any annuity you might be entitled to, you would also receive six months' leave of absence (including the legal two months) with pay, and that I have done. This was subsequently authorized and is now being paid. But this recommendation was discretionary on my part, while the Calder Act, like most other legislation, was mandatory and therefore obviously beyond my power to change or depart from.

Regretting any misunderstanding you may have experienced respecting the amount of annuity connected with your retirement, I am,

Yours very truly.

Then later Dr. Grisdale had some correspondence with him. On January 8, Dr. Grisdale wrote to Dr. Torrance as follows:

Dear Dr. Torrance,—

I have your letter of the 5th instant, in regard to your retirement, and as you will note if you read the order in council, a copy of which was sent to you—the minister did recommend that your period of service should be counted from 1906, and his report to council along these lines was signed and submitted, but representations were made to the Treasury Board by the Auditor General, and it was upon these representations that the period of service, and, consequently the amount of the annuity was reduced. I can assure you that as far as the minister, the department and the Civil Service Commission were concerned, all possible steps were taken to have your annuity based on the seventeen years service, but in view of the criticisms of the Auditor General, the Treasury Board saw fit to modify the recommendation.

Yours very truly,

To that Dr. Torrance replied from Guelph on January 14, as follows:

Dear Dr. Grisdale,—

I beg to acknowledge the receipt of your letter of the 8th inst. and am glad to know that both the minister and yourself did what you could to have my annuity based on seventeen years' service as I was led to expect.

I regret that your efforts and those of the minister were unsuccessful.

Yours sincerely,

Now, that is the end of the correspondence.

Mr. STEVENS: Is there a letter in the file dated January 5?

Mr. MOTHERWELL: Yes, from Dr. Torrance to Dr. Grisdale. Does my hon. friend wish me to read that?

Mr. STEVENS: Yes.

Mr. MOTHERWELL: It is as follows:

Dear Dr. Grisdale,—

I beg to acknowledge the receipt of your letter of the 2nd inst. enclosing cheque for a gratuity of two months' salary and a copy of the order in council respecting my retirement.

I regret that the government has not seen fit to carry out the terms of my retirement as stated to me by Hon. Mr. Motherwell as it appears to me to be a distinct breach of faith not to have done so. I was induced to retire on certain statements of his in regard to the matter and I had no doubt that they would be honourably carried out.

Yours sincerely,

I have already quoted the letter from Dr. Grisdale indicating to Dr. Torrance that my recommendation in the matter had corresponded with Dr. Torrance's expectations but that the Audit Board would not let it go through. Now what information had the Audit Board on which to base their decision? This is information, I may say, that I had not at the beginning, neither had I the Calder Act before me to make a computation, even had I known the number of years that Dr. Torrance claimed his retirement should have been based upon. Here is a letter written by Mr. Jarvis to the secretary of the Civil Service Commission, dated August 21, 1914, on the question of the length of time the Audit Board and the Auditor General thought should be counted as continuous service on the part of Dr. Torrance. The letter reads:

Dear Sir,—Replying to your letter of the 18th instant, re the retirement of Dr. F. Torrance, I have to advise you that Dr. Torrance was appointed a veterinary inspector under the Animal Contagious Diseases Act, by order in council of March 1st, 1906, appointment to be effective from January 1st, of the same year.

From the Auditor-General's reports, it would appear that payments made to Dr. Torrance during the period of 1906-12 were as follows:—

This was the period that was under dispute, the period which Dr. Torrance thought should count in working out his annuity. The rest of the letter indicates the length of time he was employed between 1906 and 1912, when he became Veterinary Director General and continued as such up to his retirement. The letter points out that in 1905-6 he received in payment of his services $339.29 as salary and expenses, period not available. In 1906-7 he received $150. In 1907-8 he was not employed, and in 1908-9 he was not employed. In 1909-10 he received $150 salary for ten days' work. I assume it is all based on a rate of $15 a day, so that it is easy to figure out the length of his employment on that basis. In 1906-7 at $15 a day he would have been employed ten days. There are three consecutive years in two of which he was not employed at all and in one of which he was employed for only ten days. .Then in 1910-11 he got $60 in salary, and that was apparently at a lower rate, for some reason, for it covered a period of six days. Then in 1911-12 his total salary and expenses amounted to $172.70, period not available. From August first, 1912, up to the time of his retirement was the period of continuous employment, and the Auditor General and the Audit Board took the ground that only that period could count, because during the previous years his service was of an intermittent nature. In view of the fact that in two of those previous years he had not been employed at all and in one of them for only ten days, I do not see how anybody could strain his generosity to the extent of calling that consecutive employment. That may be a matter of difference of opinion. But so far now as I understand justice and continuous employment I feel that the Auditor General was perfectly justified in taking the ground that the whole period could not be regarded as continuous employment.

Mr. TOLMIE: Was the intermittent nature of the employment not due to the lack of disease at that particular time? Was he not that class of veterinary who worked under fees rather than on general salary, being engaged only when there was work for him but still being in the employ of the department all this time, his name appearing on the files at Ottawa as a regular inspector?

[Mr. Motherwell.]

Mr. MOTHERWELL: We have no information of that nature. Such information as we have just came to us incidentally; it is not on file. He was busily employed at the Agricultural College at Winnipeg, but we have no information that there was no disease prevalent and that that was the reason he was not employed. He was paid on a per diem basis; we have one or two on that basis yet, but not very many and that is in cases where the amount of work to be performed is so small as not to justify an annual engagement. The veterinary is just employed on a per diem basis as some outbreak occurs, whether it is glanders, T.B., or whatever it is, and I presume Dr. Torrance was employed the same way. Of course, a man on a per diem basis must be employed before he is warranted in getting the pay. If Dr. Torrance had got an annuity based on seventeen years' service, as I first recommended, I think I would have had far more difficulty in defending that than I would have in defending what he has got based on the estimate of the Audit Board and the Auditor General. I scarcely think, Mr. Chairman, that the point that the hon. member for Victoria City (Mr. Tolmie) brings up would affect the case.

Mr. MANION: I asked the minister when he began to read his file what he based his statement upon that Dr. Mohler had condemned Dr. Torrance's action. That was the impression that he left with the committee, if he did not state it in so many words.

Mr. MOTHERWELL: I would prefer not to be discussing Dr. Mohler. He is not a resident of Canada. We have his communication. I have already read one letter, and there is nothing to be gained by unnecessarily repeating it.

Mr. MANION: But the minister did not hesitate the other day to make that statement. He certainly left the impression with the committee—and I think the statement is here on Hansard—that Dr. Mohler had condemned Dr. Torrance's action, so I do not see why he should be so particular about it now.

Mr. MOTHERWELL: My hon. friend recalls the incident the other day. I had been asked by an hon. member, I forget whom at the moment, if I had any additional reasons. The question was, why did I wait six or seven months before Dr. Torrance was retired? Well, I was busy, the session was approaching, in fact, the session was on during part of that period, and I was willing to let matters run on and see if Dr. Torrance would

get over his resentment, because I believe he was resentful over the fact that he was not sent overseas; in fact, I know he was; he told me so himself; I had a conversation with him. Then what were the supplementary reasons I had? Well, I had a memorandum here. It has nothing to do with the letter upon which I base my justification for asking for his retirement. The right hon. leader of the opposition was so vociferous in demanding that I should read the memorandum that I did read part of it, and then he was equally vociferous in condemning me because I did read from a memorandum that had no name to it, and that is where it stood. I think I have recited the incident correctly.

Mr. KNOX: I do not wish to change the trend of the discussion, but I want to draw to the attention of the committee a rather peculiar situation. The committee on Agriculture has been called for 8.15 this evening, and the Minister of Agriculture has now his estimates before the House. A good many members of this group are members of that committee, and I have no doubt that some of us who are here intend to go to that meeting. It is rather peculiar that these two committees dealing with agriculture should conflict.

Mr. MOTHERWELL: What is the suggestion?

Mr. KNOX: I was not suggesting anything. I think it is all right for the minister to go ahead with his estimates, but it is rather a peculiar situation that two committees should meet at the same time, dealing with agriculture.

Mr. MOTHERWELL: I think this is the way it happened. The estimates of the Minister of Customs were supposed to be taken up first, then Agriculture, then Trade and Commerce. In the absence of the Minister of Customs, I naturally followed with my estimates. I must confess that I entirely forgot about the meeting of the Agricultural committee. My duty now as I see it, is to carry on.

Mr. TOLMIE: I listened with a good deal of interest to the debate on Friday last concerning the dismissal of Dr. Torrance, the late Veterinary Director General. While I regret to criticise the action of the Minister of Agriculture, I think the whole House agreed that the dismissal was a very harsh one, that Dr. Torrance had not been given a reasonable chance. Time to resign was not afforded him. He was called into the minister's office and told that the minister was finished with his services, and his resignation was demanded on the spot. He was threatened that if he did not put in his resignation at once he would be dismissed and have no opportunity to receive any retiring allowance. These are the exact facts as they have been given to me.

I claim that if his offence was serious enough to get rid of him in that way, he should not have been given the opportunity to put in his resignation at all, but should have been discharged forthwith. But having been asked for his resignation, in view of the prominent position which he held at the head of a very important branch of the Department of Agriculture, a position that he had filled with great success for a period of ten years, he should have been given an opportunity to resign in a proper way. Here was a civil servant sixty-four years old, with only one year more to go, and without being given time to thing over his resignation, kicked out in this disgraceful manner. He requested the minister to give him until the following Tuesday to consider his resignation before putting it in, but he was compelled to sign it on the spot, the minister passing him paper and ink with which to do the work. Now when we consider the spirit of the Civil Service Act, an act that, while perhaps not working perfectly, has certainly been the greatest protection that the Civil Service of this country has had, it is obvious that such drastic action is not in keeping with what was intended to be the spirit of that act when it was put on the statute books.

Dr. Torrance was a man of particularly high qualifications, a university graduate before he took up the veterinary profession, a man who had worked for the Health of Animals branch intermittently before he took up the position of Veterinary Director General, a man who at that time was very highly recommended and was selected from a field of a number of other applicants for the position, and was considered the very best man then in sight. I perhaps have had a rather better opportunity to judge him than many others, for the reason that I worked for him for a number of years in the capacity of chief inspector of the Health of Animals branch for the province of British Columbia, Dr. Torrance being my chief during that period. Later on, when I became Minister of Agriculture, he still continued in the position of Veterinary Director General, and I think he has rendered very excellent service to this country. He certainly cannot be condemned on the score of inefficiency, because in Canada we have held for a long time the high record of maintaining the healthiest herds of live stock in the world, herds that are practically free from contagious

disease. This was the condition when he left the department. During the time of the cattle embargo inquiry in London in 1921 there was no stronger argument that we could offer to the commission to induce them to give a verdict in our favour than the fact that we were maintaining our herds in a way that no other country in the world was able to do.

Then, too, Dr. Torrance during his period of office has made history in the veterinary line in Canada. In the first place we had mange for twenty-five years in a district in southern Alberta and in southwestern Saskatchewan covering an area larger than Scotland. This whole area was under quarantine. You could not move a hoof out of that district without inspection. Dipping was carried on from time to time, and the whole thing was a great nuisance to the farmers and also a source of great expense. In 1919 the eradication of this disease was undertaken. Plans were carefully laid during the fall and winter months and in the summer of 1920 I think some 220,000 head of cattle were subjected to a lime and sulphur bath twice, a very big job indeed, and the work was so perfectly done that at the end of that year we were able to cancel the quarantine in that area for the first time in a quarter of a century, all this being done at the time Dr. Torrance was Veterinary Director General. I am not going to say that he did not receive excellent assistance from his very efficient staff during that period —he certainly did.

Just at this particular point I might refer to one of the charges against Dr. Torrance which was brought in a letter presented by the minister. It was not a charge on which the dismissal of Dr. Torrance was based but it was one of the charges mentioned—about his taking his golf sticks out to Calgary when he went out there to attend the cattlemen's meeting at that time. This is surely a joke. I do not see that there is anything in the regulations to prohibit an official from carrying his golf sticks with him as long as he attends to his business. Surely there was no harm in carrying golf sticks both ways, more particularly when the railway company does not charge anything extra for doing so. Dr. Torrance also handled very skilfully the outbreak of dourine in southern Alberta. This disease appeared among horses and threatened to become very serious indeed. During one year it cost this country about $46,000 in compensation alone. The work of eradicating it was undertaken during the period that Dr. Torrance was Veterinary Director General and, with the co-operation of his able assistants, it was entirely wiped out.

In the United States in 1914-15 there was a very serious outbreak of foot and mouth disease which manifested itself in some twenty-two states, a number of which are contiguous to Canada's southern border. Although this outbreak cost the Americans some $10,000,000 our veterinary service along that boundary line was so efficient that not one single case of foot and mouth disease appeared in Canada. I am only mentioning this to show that Dr. Torrance could not be blamed on the score of inefficiency. He maintained the cleanest herds in the world, showed himself to be a gentleman in every way and a man of ability. He could be sent anywhere and win appreciation. He was frequently invited to speak in the United States at large gatherings, and was well known all over this continent for his ability. Under those conditions I do not think his dismissal was fair. Here was a man holding a high and important position discharged as though he was a mere nobody. I do not care how lowly a man's position in the Civil Service may be he is at least entitled to fair play and decent treatment from his superior officers, and more particularly from his minister.

The minister says that Dr. Torrance was a little disappointed at not having been included in the commission which went over to Great Britain to fix the regulations with the British government for the entrance of store cattle into Great Britain. Why should he not be? Was he not one of the proper officers to have gone? It was quite right to have taken the Deputy Minister of Agriculture, a man of ability, a man whose ability is recognized all over this country; but when on earth did Duncan Marshall graduate as a veterinary surgeon? When it comes down to a matter of regulation every veterinary who has had experience in administering the regulations of the Health of Animals Branch must appreciate the difficulties that are continually arising in connection with those regulations. I know when appearing before the Embargo Commission on several occasions cases came up and questions were raised which only a veterinary surgeon could intelligently answer; and in that particular connection I claim that Dr. Torrance should have been included in the body that went over to Great Britain at that time. Why should he not have been? Seeing that he was at the head of the Health of Animals branch in this country, and that he felt his responsibilities very keenly why should he not have been included immediately it was

suggested to lower the quarantine period on cattle entering this country from Great Britain.

I remember when the period of quarantine was discussed in London in 1921, it was claimed by one of the commissioners that Canada should be ready to deal with Great Britain on a fifty-fifty basis in regard to the quarantine period. I pointed out in the strongest possible way that that would be unfair, for the reason that we had had no foot and mouth disease in Canadian herds since 1884. During that year two shipments of cattle arrived from Great Britain—one on a steamer called the Mississippi, and the other on the steamer Oxenholme. One arrived in the month of May and the other in the month of June. Foot and mouth disease was discovered in these two shipments, but they were stopped at Point Levis station in Quebec and dealt with there. Both of these shipments, I repeat came from Great Britain. I pointed out to the British commissioners on the occasion referred to that in Great Britain during that particular year they had had twenty-two outbreaks within the first six months of the year, showing that the conditions in Canada and in Great Britain were not equal on the point of disease; and that while it was necessary to have a quarantine for a period of thirty days against the British cattle owing to the danger of foot and mouth disease, there was not the need for the same long quarantine period on cattle going to Great Britain from this country.

Now, let me make this particular point very clear: In the regulations that at present prevail between Canada and the United States for the handling of cattle crossing the boundary north and south we have a very satisfactory arrangement. This arrangement has been based very largely on the regulation of Canada guarding the entrance of cattle from other countries. In the same way the United States has adopted a similar system as a precaution in the matter of cattle or other live stock coming from outside countries. The result is that in accepting each other's conditions we are able to make regulations that are mutually satisfactory to both countries. If the quarantine period on breeding cattle from Great Britain had been lowered in Canada to a period of less than thirty days, the Americans would have become interested immediately. Why? Because letting in those cattle on a shorter quarantine than had been in existence certainly would increase the danger of American herds being infected by the infection of Canadian herds through this particular source. For that reason Dr. Torrance had every cause to feel the gravest possible alarm at any suggestion along those lines, and it was only to be expected that he should bring this matter to the notice of the minister.

It has been stated that Dr. Torrance in his correspondence with Dr. Mohler, chief of the Bureau of Animal Industry at Washington, used the word "political." What if he did? Does the minister say himself that he has never been troubled with political interference since he took office, or any of his officials? Although I was Minister of Agriculture for a period of two years only I had that experience on several occasions, and I think it is the experience of almost everyone who holds the position of minister in this country.

Referring to the letter to Dr. Mohler, let me say that these two men occupy similar positions, one guarding the health of animals in the United States and the other guarding the health of animals in Canada. They were on very familiar terms. They met every year at the annual meeting of the American Veterinary Association held on either side of the boundary. They were on the closest of terms, and these familiar relations between these two officers have been of great benefit to this country on many occasions. In my own experience I have known shipments of mangy cattle, although carefully inspected before leaving Alberta, to develop the disease at South St. Paul and in Chicago. At the particular period I am speaking of now there was a great agitation springing up in the United States to keep out Canadian cattle. Hon. gentlemen will remember in 1919 we sent over something like 540,000 or 550,000 head of cattle, and in 1920 we sent over something like 365,000 head, with the result that the Americans were becoming somewhat alarmed at the Canadian competition, and whenever any mange would appear in any shipment, there was a hue and cry to keep out Canadian cattle. The good relations existing between the two officials were useful in getting over any difficulty which might arise. On every occasion Dr. Mohler has acted in a fair way in dealing with his Canadian friend in cases of that kind, with the result that no further restrictions were placed on our cattle. In the discussion last Friday the Minister of Agriculture (Mr. Motherwell) is reported at page 2238 of Hansard as saying.

> Let us get back to the document itself. I say with all respect that I have never seen an officer in any department, and certainly have never had anything to do with one, who would write a letter of that character, especially to a foreign government in whose files it would be kept. There is no question that all the members of the staff would know about it.

I would like to call special attention to that. He continued:

And as a matter of fact, word came back to us that they were astonished at Washington that we should keep in our employ a man who would write such a letter.

Make a note of that. Then the discussion continues as follows:

Mr. Meighen: Who said that? Will the minister tell us who is responsible for the statement that the officials in Washington had expressed astonishment at the fact that, as he puts it, we should have kept such a man in our employ?

Mr. Motherwell: It came through Dr. Mohler.

Mr. Meighen: Very well; but who said it?

Mr. Motherwell: I understand it came from Dr. Mohler.

Mr. Meighen: Did Dr. Mohler say that he was astonished?

Mr. Motherwell: Yes.

It appears to be very clear that this statement was credited to Dr. Mohler, chief of the Bureau of Animal Industry in the United States. I am rather surprised that the minister should make any such statement, particularly considering the friendly feeling in that country. We are doing a large trade in live stock with the United States, and it is necessary that we should be on the most friendly relations with them. I wrote Dr. Mohler quoting these portions of Hansard, and sent him a copy, so that he would have everything before him very clearly. My letter reads as follows:

Ottawa, May 17, 1924.

Dr. J. R. MOHLER,
Chief of Bureau of Animal Industry,
Department of Agriculture,
Washington, D.C.

Dear Dr. MOHLER,—I have had the pleasure of meeting you on one or two occasions in Chicago, being introduced by the late Dr. J. G. Rutherford. You will perhaps remember me too as Minister of Agriculture for Canada during the latter part of the late administration.

I am forwarding to you herewith Hansard containing report of the proceedings in the House of Commons yesterday afternoon, May 16th. You will note that a debate was on concerning the retirement of Dr. Fred. Torrance, late Veterinary Director General.

During the debate (on page 2238) Honourable Mr. Motherwell, Minister of Agriculture, made the following statement—"and as a matter of fact word came back to us that they were astonished at Washington that we should keep in our employ a man who would write such. . . ." On being further questioned you will notice that Mr. Motherwell stated "it came through Dr. Mohler." The question was then put, "Did Dr. Mohler say that he was astonished?" Mr. Motherwell replied "Yes".

In justice to Dr. Torrance I think this matter should be cleared up and I would ask you to be good enough to let me have a letter at your earliest convenience clearly outlining what happened. The debate in Hansard is rather lengthy but you are particularly referred to on pages 2311, 2312, 2316 and 2332 all of which I have marked in the enclosed copy.

With kind regards, I am,
Yours faithfully.

Dr. Mohler replied to that letter as follows:

Dr. S. F. Tolmie,
House of Commons,
Ottawa.

Dear Dr. TOLMIE,—Replying to your letter of May 17, I wish to inform you that the statements referred to in Hansard of May 16, 1924, page 2323, as coming either "through" me or "from" me are incorrect. I neither made such statements nor have I ever held such views. In fact, my opinion of Dr. Torrance is expressed in my letter to him of July 20, 1923, copy attached, and I have had no reason since then to change those views. You will note in that letter that I did express surprise but my letter shows clearly that the surprise was regarding the news of the change in the administrative head of the Health of Animals branch. Likewise in my letter to Dr. Hilton of July 20, 1923, copy attached, I again state that "the farewell of Dr. Torrance to the members of the staff was read with surprise and deep regret." However, this expression of surprise with its context should give no one a basis for claiming "that they were astonished at Washington that we should keep in our employ a man who would write such a letter."

Neither is it accurate to say that all of the members of my staff knew about this letter of October 28, 1922, from Dr. Torrance. His letter was marked "confidential" and has been so held up to the present time. The only persons that have seen it are my secretary to whom I dictated my reply of October 31, 1922, and my file clerk who takes care of such correspondence. This morning I have asked seven of my division chiefs about their knowledge of this letter and of course no one had ever heard of it before, nor did they know the reason of Dr. Torrance's resignation. Two of these men were educated in Canadian colleges and one of them is a Canadian by birth. In concluding I trust you know me well enough to realize that I would not be so indiscreet as to pass judgment on matters of this kind pertaining to a sister organization.

J. R. MOHLER.

Under date of July 20, 1923 Dr. Mohler writes to Dr. Frederick Torrance, as follows:

July 20, 1923.

Personal.

Dr. F. Torrance,
c/o Health of Animals Branch,
Department of Agriculture,
Ottawa, Ontario, Canada.

Dear Dr. TORRANCE,—The July summary of the Health of Animals Branch of the Canadian Department of Agriculture came to my desk this morning containing your farewell to the members of the staff.

The news of this change in the administrative head of the Health of Animals Branch came as a surprise and it is needless to tell you that I personally and also your many friends in this bureau sincerely regret to learn that you have severed your official connection with the department.

I want to congratulate you on the enviable record you have made as Veterinary-Director General and to thank you for the official courtesy and consideration which this bureau has always received from your office. The official relations between the Canadian Health of Animals Branch and this bureau have always been very cordial and it is expected that they will continue under your successor. You have my best wishes for continued success in whatever activities you may engage.

Cordially,
J. R. MOHLER,
Chief of Bureau.

The next letter is dated July 20, 1923, addressed to Dr. George Hilton, Acting Director Veterinary General, Health of Animals branch.

July 20, 1923.

Dr. George Hilton,
Acting Veterinary Director-General,
Health of Animals Branch,
Ottawa, Ontario, Canada.

Dear Dr. HILTON,—The July summary of the Health of Animals branch of the Canadian Department of Agriculture which came to my desk this morning contains the announcement of Dr. Torrance's retirement and of your appointment of Acting Veterinary Director-General.

The farewell of Dr. Torrance to the members of the staff was read with surprise and deep regret. The official relations between this bureau and your branch have always been very cordial and it is expected that they will continue so under your administration. I want to congratulate you on being selected to fill the vacancy and to assure you that it would be pleasing to myself and your friends in this bureau to see the appointment made permanent.

Wishing you success in the position of responsibility to which you have been assigned, I remain,

Cordially yours,

J. R. MOHLER,
Chief of Bureau.

That clearly indicates that some of these statements attributed to Dr. Mohler are, to say the least, very inaccurate. They were given expression to, perhaps, without due care, and I am glad to place Dr. Mohler in a true light before the stockmen of this country. I was quite sure from the very beginning, knowing this gentleman, that he would never be guilty of making any such statements concerning a high official in a neighbouring country.

With regard to the whole situation, I think you will agree, Mr. Chairman, that the treatment of Dr. Torrance in this matter has been very unfair. I regret to make this criticism; but it seems to be forthcoming, to be deserved, and I think Dr. Torrance's dismissal will go down as one of the most cruel and harsh dismissals in the history of the Civil Service of this country.

Mr. MOTHERWELL: No one is more pleased than I am to learn that Dr. Mohler did not make those statements. What I said to the committee was that we heard he had. Furthermore, it came to us, and it was not any surprise to us that it came to us.

Sir HENRY DRAYTON: Who gave it to the minister?

Mr. MOTHERWELL: Never mind. I did not require that as supplementary evidence; I based my justification for the retirement of Dr. Torrance on this letter of his to Dr. Mohler, and I am going to stick to that tonight. As some members of the committee were not here the other night, at the risk of repeating myself I am going to point out once more that when two of my colleagues, as well as Dr. Grisdale and Mr. Marshall, were overseas in conference with the British authorities with respect to the lifting of the embargo, I had an interview with Dr. Torrance and I suggested to him, in the event of any changes being made in these quarantine regulations—there was a possibility of changes being made, but as a matter of fact no changes have been made since—that he should write a diplomatic, friendly letter to Dr. Mohler inquiring what effect it would have on our relations with them if the quarantine period were shortened. That was all that he was asked to do. Instead of doing that and stopping there, he writes a letter such as the one I have in my hand and begins complaining about political considerations.

Sir HENRY DRAYTON: He does not say that.

Mr. MOTHERWELL: We will see what he does say:

I am strongly of the opinion that quarantine regulations should be based upon scientific knowledge of the diseases against which we desire protection, of the conditions surrounding the traffic in animals, the freedom from disease of the country from which the cattle are exported, and the time occupied in ocean travel.

Then he goes on:

If political considerations are to be introduced into the consideration of the question of quarantine it places the scientific advisers of the respective governments in a very anomalous position, and I feel that where we have to undertake the responsibility of carrying out any regulations that are made we should also have a decided influence in the planning of these regulations.

In other words, this is an officer who undertakes to dictate how these things shall be done. Although he is under instructions to write a letter of the form I have described, he goes on to formulate a policy and to make complaints. Then he goes on:

Should political pressure force me to accept a shortened period of quarantine. . . . .

When I asked him to come and give me an explanation, he said it was the British government he was complaining about, not the Canadian government. I may be quite wrong; but I have handled men in a public way for nearly twenty years, and I have never before seen a letter like this written to any officer, even in our own country, about a government by an officer of the government, and much less to an officer of a foreign government. That is what I base my action on. Anybody who has had any experience in asking for the retirement of an officer knows

9 p.m.

that it is not an easy or pleasant task to perform. As far as I can recollect, I have done this only four times in nearly twenty years, only once since I came to Ottawa. While I regret the necessity of it, I take the full responsibility of it. I hope a similar occasion will not occur again; or if it does, I shall be predisposed to take the advice of the hon. member for Victoria City (Mr. Tolmie) and not give any five or six months recess or time to reflect, but simply dismiss the official summarily. I think that would have been better. I think I can be charged with over-generosity, particularly with regard to the retiring annuity. There was absolutely no justification for the claim that there was consecutive, continuous employment, when for two years out of six he did not work an hour and for four years out of the six he worked only sixteen days, or an average of four days to the year. In the other two years the most he worked was less than a month, in one case, less than that. That gives the committee an idea how difficult it is to please Dr. Torrance. Because he was not allowed that claim, he thinks he has a grievance against me. I may say that, at the beginning, I did not understand the regulations, and he left the impression on me that he was only technically short of being the full time in those six years. There was some technical reason why it could not be called consecutive, but the technical nature of the matter was that he was not employed at all for two years and for two other years he was employed sixteen days. That will give the committee some idea just how difficult it is to please some people. I think I can corroborate nearly all the hon. member for Victoria City has said with regard to Dr. Torrance. I have no particular complaint about his work. He sometimes made it awkward for me; but that is neither here nor there, and I do not want any person to detract from the real issue by talking about golf sticks and such like. I notice in reading an extract from the Hamilton Herald there was a long recital of comparatively trifling matters, but no reference to the real reason of Dr. Torrance's retirement. That is the reason why I am going to nail myself down to this, because the moment I discuss anything but the primary reason, somebody or another, who has the knack of prevarication in the newspaper world, seems to get it going that some trivial matter was at stake and that was all. I should like to draw the attention of the hon. member from Victoria to the fact that, while he was overseas and did excellent work—and I am always prepared to give and do now give him credit for it—in the year prior to the election, either 1920 or 1921,—and I would gather from the statement which he has just made that the quarantine regulations were under consideration then—I notice that he did not take Dr. Torrance with him when he went on the occasion in question.

Mr. TOLMIE: I should like to call the minister's attention to the fact that I am a veterinary surgeon and we had another veterinary surgeon over there as well.

Mr. MOTHERWELL: That is quite right, but the fact remains that the hon. member went himself; he did not take Dr. Torrance with him, and while he does not say that Dr. Grisdale and Duncan Marshall did not do good work there, he says that they should have been supplemented by Dr. Torrance. In that event I would have been accused of piling up a great deal of unnecessary expense. As a matter of fact, we sent the right men, and they delivered the goods. That is the main thing. As far as I am concerned I am sorry that the occasion arose for Dr. Torrance's retirement; but the occasion having arisen, I take full responsibility for retiring him. The next time such an event occurs I will follow the advice of the hon. member for Victoria City (Mr. Tolmie) and not delay taking action.

Sir HENRY DRAYTON: Is Duncan Marshall a veterinary surgeon?

Mr. MOTHERWELL: No.

Sir HENRY DRAYTON: Is Dr. Grisdale a veterinary surgeon?

Mr. MOTHERWELL: No. After thirty years of endeavour the embargo was removed on that occasion.

Mr. STEVENS: We have to-night—

Mr. MOTHERWELL: I do not object to interruptions, but I was not quite through.

Mr. STEVENS: I will wait until the minister is through.

Mr. MOTHERWELL: I was going to finish the notations I have in regard to the hon. member for Victoria City. We hope to maintain our friendly relations with Dr. Mohler. But, mark this, I do not think the correspondence with Dr. Mohler should have been made public, but inasmuch as my hon. friends insisted that I read it, and Dr. Torrance had already supplied them with copies, there was no way of avoiding its publication. We have been working very satisfactorily with the United States, the two veterinary

branches in team play notifying each other when there has been any danger on the horizon with respect to the health of animals. With regard to this work under Dr. Torrance, I have nothing to say. At the present time the work is equally satisfactorily done under Dr. Hilton. I think the fitness or unfitness of Mr. Duncan Marshall and Dr. Grisdale for the work is a matter of judgment. What talks is results, and the result in this case was the removal of the embargo. I do not know how Dr. Torrance or a hundred veterinarians could have done more. And the quarantine regulations were not introduced into the negotiations, Mr. Chairman. Now I will ask my hon. friend for his excuses.

Mr. STEVENS: Mr. Chairman, we have the spectacle to-night of a minister of the Crown, who upon unimpeachable evidence is shown to have made a statement reflecting most seriously upon the honour, the integrity and the respectability of a citizen of this country who is held in the highest esteem by all who know him, a minister who, in spite of the fact that evidence is adduced here to-night that absolutely refutes the statement he made the other day, stands in his place and brazenly reasserts his position. with perhaps one modification—he does not reiterate the absolutely inaccurate and unfounded statement that he made the other night. Now, the least the minister could have done, even though he has doggedly persisted in his attitude regarding the letter—which I shall review again as I did the other day—the least he could have done was to have admitted that he was altogether wrongly informed, and to have offered his apologies to Dr. Mohler.

I am going to direct my appeal to the Prime Minister (Mr. Mackenzie King) to-night. This situation has developed in such a manner that I feel confident it will appeal to his good sense and to the good sense of hon. gentlemen opposite, as well as of hon. gentlemen in other parts of the House, that Dr. Torrance should be cleared of all aspersions, and if the Prime Minister and the House will follow me a moment I shall endeavour to deal with some of these points. Let me deal with the last first. I refer to the very serious aspersion cast upon Dr. Torrance, inferentially, through the mouth of Dr. Mohler. On page 2238 of Hansard the hon. Minister of Agriculture is reported to have made certain statements—which he did. I am going to quote only those that are material to the case. He said:

> There is no question that all the members of the staff would know about it.

That is, the staff in Washington.

> And as a matter of fact, word came back to us that they were astonished at Washington that we should keep in our employ a man who would write such a letter.

The "man" being Dr. Torrance. Now, this is not just an utterance in a moment of passion and made without thought. Let me ask the attention of hon. members to what follows:

> Mr. Meighen: Who said that? Will the minister tell us who is responsible for the statement that the officials in Washington had expressed astonishment at the fact that, as he puts it we should have kept such a man in our employ?
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> Mr. Motherwell: It came through Dr. Mohler.
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> Mr. Meighen: Very well; but who said it?
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> Mr. Motherwell: I understand it came from Dr. Mohler.
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> Mr. Meighen: Did Dr. Mohler, say that he was astonished?
>
> Mr. Motherwell: Yes.

Here we have Dr. Mohler, the head of the corresponding branch in the United States, a man who stands very high in his profession over there, alleged to have written to this department, or to have conveyed to it and to the minister, the fact that he was astonished that Canada would retain in its employ a man of the calibre of Dr. Torrance who made a statement of this character.

Mr. MOTHERWELL: Will my hon. friend pardon me. If he will start at the beginning of that conversation with the right hon. leader of the opposition he will find I said that we had heard of it, that word came to us.

Mr. STEVENS: I have read the exact words from Hansard.

Mr. MOTHERWELL: I did not make any decided statement. How could I know?

Mr. STEVENS: The minister said:

> It came through Dr. Mohler.

Mr. MOTHERWELL: That is the word that came to us.

Mr. STEVENS: Allow me to continue this extract from Hansard.

> Mr. Meighen: Very well, but who said it?

He is trying to get exact information.

> Mr. Motherwell: I understand it came from Dr. Mohler.

Mr. GAUVREAU: "I understand".

Mr. STEVENS: Now, shall we stop there? I do not intend to. I am going to take another step.

> Mr. Meighen: Did Dr. Mohler say that he was astonished?

Now, there is no ambiguity about that question.

> Mr. Motherwell: Yes.

Mr. MOTHERWELL: You have got to take the whole together. I never met the gentleman in my life.

Mr. STEVENS: The minister says to-night: "Oh, don't take one part of my statement; it incriminates me. Just take the part that does not incriminate me." But that is not all. Let us go a little further. My hon. friend from Fort William and Rainy River (Mr. Manion) was a little anxious to get proof—I am not surprised—so towards six o'clock he said:

Mr. Manion: Before the clock strikes six, may I make a suggestion? There were a number of letters that the minister did not have on the file. I presume that this matter will go on this evening, and I suggest that he bring the remainder of the file with him.

The excuse having been made that the file was not here.

Mr. Motherwell: The hon. gentleman means the letter from Dr. Mohler and the correspondence with Dr. Torrance? I shall be pleased to produce those.

I ask the Prime Minister to note this:

Mr. Meighen: And particularly, produce the evidence that Dr. Mohler expressed the opinion that we should not retain an official who would write that letter.

Mr. Motherwell: Oh, he would not put that on file.

Mr. Meighen: No, I do not think he would put it on file or on his lips or anywhere else, and never did.

That was Mr. Meighen's opinion at that time.

Mr. Motherwell: Oh, yes.

Mr. Meighen: It is merely a pipe dream on the part of the minister.

Mr. Motherwell: I will guarantee that there was not an officer in Washington in the department concerned by whom this was not a subject of conversation.

This is not a joke; it is not a jesting phrase. The minister says, "I will guarantee;" does that mean anything at all, or is it just a passing phrase of an indifferent character? Let me repeat it:

I will guarantee that there was not an officer in Washington in the department concerned by whom this was not a subject of conversation, and just of the nature I have suggested.

I cannot read the English language if I do not gather from this statement that there was a reflection upon Dr. Torrance on the part of Dr. Mohler. I do not know whether the Prime Minister was in the chamber when the letter from the hon. member for Victoria City (Mr. Tolmie) to Dr. Mohler was read. The hon. member for Victoria City wrote to Dr. Mohler sending a copy of Hansard with the statements marked that I have quoted, statements which reflect upon the character and the standing of Dr. Torrance, a man whom I and every one who has ever had anything to do with him hold in the highest regard. Dr. Mohler wrote back this letter, which I am going to read again because the Prime Minister is here, and I make no apologies for reading it the second time. It is dated May 20, 1924, and reads:

Dear Dr. TOLMIE,—Replying to your letter of May 17, I wish to inform you that the statements referred to in Hansard of May 16, 1924, page 2238, as coming either "through" me or "from" me are incorrect. I neither made such statements nor have I ever held such views. In fact, my opinion of Dr. Torrance is expressed in my letter to him of July 20, 1923, copy attached, and I have had no reason since then to change those views. You will note in that letter that I did express surprise but my letter shows clearly that the surprise was regarding the news of the change in the administrative head of the Health of Animals Branch. Likewise in my letter to Dr. Hilton of July 20, 1923, copy attached, I again state that "The farewell of Dr. Torrance to the members of the staff was read with surprise and deep regret." However, this expression of surprise with its context should give no one a basis for claiming "that they were astonished at Washington that we should keep in our employ a man who would write such a letter."

Neither is it accurate to say that all of the members of my staff knew about this letter of October 28, 1922, from Dr. Torrance.

I bring back to the Prime Minister's attention the statement of the minister that he would guarantee that every member of the staff knew all about this letter—and I intend to deal with that letter in a moment. Dr. Mohler says that is absolutely incorrect; then he goes on:

This morning I have asked seven of my division chiefs about their knowledge of this letter and of course no one had ever heard of it before, nor did they know the reason of Dr. Torrance's resignation. Two of these men were educated in Canadian colleges and one of them is a Canadian by birth.

Then he says further that this letter from Dr. Torrance was marked "confidential,"—the letter as I read it the other day in the House. He says that it went on his private file and that practically on one else read it. In the face of this letter from Dr. Mohler, in the face of this absolute denial, the minister dare not repeat his former statement, yet he fails in common courtesy, in common justice, to Dr. Torrance in not withdrawing that part of his remarks which are wholly without foundation. Not only that, but he stands in the House to-night and brazenly tells us he would take the same course again.

Now I come to another phase of this question. The minister a moment ago read certain letters. He selected—I am going to put it that way—certain letters in an endeavour to show the House that Dr. Torrance had been treated with a great deal of courtesy and consideration when he was dismissed. The facts of the matter are these: Dr. Torrance was called into the minister's office on

July 7, without the slightest indication that there was anything wrong about this letter that had been written more than six months before, without any indication that the minister desired to discuss an important matter with him, and he was told that a letter had been written which was offensive and that if he did not resign he would be discharged and would receive no retiring allowance. As I said the other night, here is a gentleman of sixty-four years of age, a gentleman who has stood at the very pinnacle of his profession in Canada for many years, who earned for himself an international reputation in his calling and who brought credit to himself and to the Canadian government service—this gentleman finds himself faced, without any alternative, without any hearing, with the demand, "Write your resignation now—here is pen and paper, or you step out of here without a cent, dismissed and disgraced." I ask the Prime Minister very frankly, and I hope kindly, what man placed in that position would have forfeited all opportunity of the meagre pension that was coming to him and stepped out without any hope at all? He asked the minister—and I direct the Prime Minister's attention to this—"Will you give me twenty-four hours to think it over?" The minister says, "No, you will write it now or be dismissed." Is that the kind of treatment to hand out to any person, much less to one against whom the minister to-night says he has nothing except this letter, which we will discuss in due course?

Mr. MOTHERWELL: No; excuse me, I did not say that.

Mr. STEVENS: Well, I am at a loss to know what the minister did say, then. But never mind the minister; I appeal to every member of this House; I appeal to anybody who knows Dr. Torrance to say whether there is anything against him. Not a word, not a whisper; yet that was the situation.

But that is not quite all. While they were in this room together and when Dr. Torrance was absolutely refused an opportunity for a hearing, refused an investigation or even twenty-four hours to consider the matter, a discussion arose in this way: Dr. Torrance said, "Well what am I going to do about retiring allowance?" Now we have documentary evidence, and I am going to read it, that the honour and the word and the authority of the minister himself and of the Civil Service Commission was stamped upon an arrangement or agreement to give Dr. Torrance $1,500 a year retiring allowance, the proper percentage of his last three years' salary. That was denied him, and the allowance was reduced to eight or nine hundred dollars. And now let me read the letters—not selected letters carefully picked out here and there to boost the case of the minister.

Mr. MOTHERWELL: I offered to read them all if hon. members would ask for them.

Mr. STEVENS: The minister offered us a lot of things. I myself directed his attention to one letter which he reluctantly read, contrary to what he had been reading before.

Mr. MOTHERWELL: There was nothing in it but something about forwarding a cheque to Dr. Torrance.

Mr. STEVENS: It contradicted a letter the minister read previously. I am going to read some letters now.

Mr. MOTHERWELL: If the committee is willing I will put the whole file on Hansard.

M.r STEVENS: I will read them. I am going to indulge myself in that pleasure.

Mr. ARTHURS: Make sure of it.

Mr. STEVENS: It might be very nice to put the whole file on Hansard, but hon. members will probably not read every letter that is on the file. Now, I ask the House to be good enough to hear this case on behalf of Dr. Torrance. Dr. Torrance then wrote his resignation as follows:

> I desire to express my wish to resign and retire under the Calder Act, understanding that I would now be entitled to a retiring allowance of fourteen hundred dollars per annum.

That was the understanding arrived at between the minister and himself, and it was the understanding upon which Dr. Torrance wrote and handed in this resignation. It was a written statement of a verbal agreement, a verbal agreement binding the honour of the parties to the agreement. I might as well read the rest of the letter:

> In view of my service of over ten years and the fact that during that time I have received no increase in salary with the exception of forty dollars ($40) at the reclassification of the service, may I ask that a gratuity of six months' salary be granted to me on leaving.

Then we have a letter from the minister to Dr. Torrance dated July 10:

> I have to acknowledge receipt of your letter of July 7, and to advise you that the Civil Service Commission is being requested to take the necessary steps to retire you under the Public Service Retirement Act. I note your request to be granted a gratuity of six months' salary, and am requesting the authority of the Governor in Council for the allowance of four months' leave of absence with pay, your retirement to take effect from that date, which would be November 30, 1923. The conditions of retirement provide for a gratuity of two months' salary, which would make up the six months which you request.

In regard to this letter I want to submit to the right hon. the Prime Minister that frequently, and properly so, he appeals to the proper authority of the Civil Service Commission and the Civil Service Act, and very frequently pleads that as an excuse for not doing a certain thing. I am not criticising that stand, but I ask him to see that he and his government are consistent in that matter. Now I have here a letter from Mr. Foran, the secretary of the Civil Service Commission, to Dr. Torrance:

I am in receipt of a communication from the Deputy Minister of Agriculture in which it is recommended that your retirement should be effected under the terms of the Public Service Retirement Act from November 30, 1923. Since you will be sixty-four years of age and will have been in the public service seventeen years and eleven months you will be entitled to receive upon retirement an annual retiring allowance of 18/60ths of your average salary for the last three years (18/60ths of $5,040) i.e. an approximate annuity of $1,512. In addition to this your deputy minister has recommended that you be granted two months' salary gratuity in lieu of notice.

The letter goes on to ask for a sworn statement as to age and so forth, and the statement follows:

Dr Torrance—Veterinary Director General

Age. 63; Service, temporary, January, 1906; permanent, December 1, 1912; 17 years and 6 months.

Date of retirement, July 10, 1923. Salary on retirement, $5,040. Average, $5,040. Retirement annuity 18/60ths of $5,040=$1,512.

Then we have another letter from Dr. Torrance to the secretary of the Civil Service Commission, admitting the correctness of that statement. Then follows a letter from the secretary of the Civil Service Commission dated July 17, in which he refers to the terms set forth in the letter of July 11, which I have just read. Now this indicates, I submit to the Prime Minister, two things: A distinct bargain with the minister regarding his retirement, and secondly, an acknowledgement by the Civil Service Commission of the justice of it. The minister comes to-night, having been put to a great deal of inconvenience to justify his course in this matter, and says: Oh, I find that Dr. Torrance was not employed for two or three years prior to 1912, that he did not do permanent work before that date. Now the statement never suggested that; the statement to the Civil Service Commission never suggested that. Everybody knew that Dr. Torrance was on temporary employment from 1906 to 1912. But this is what I want to put to the Prime Minister: Dr. Torrance was a man standing high in his profession. The late Sir Wilfrid Laurier and the Minister of Agriculture of that day, the late Hon. Sydney A. Fisher, employed Dr. Torrance They did not put him on the temporary staff for any political reasons, but they put him on there, as far as anybody knows, and there is no contradiction of this, because be was an outstanding veterinarian; and the succeeding government of Sir Robert Borden retained him in office as such and made him permanent. Everybody appreciates that. Everybody appreciates also the high standing of Dr. Torrance.

Mr. MOTHERWELL: May I ask a question? Does my hon. friend take the ground that for two years during which Dr. Torrance did not work one hour for the government he should be allowed an annuity?

Mr. STEVENS: I take the ground that it is within the right and power of the government and the Civil Service Commission to grant Dr. Torrance an annuity under the act of $1,512, and the order in council prepared, a copy of which I have under my hand, and which I might as well read, shows that. It reads:

OTTAWA, September 4, 1923.

[To His Excellency the Governor General in Council.]

The undersigned has the honour of approving and submitting the following report from the Civil Service Commission:

The Civil Service Commission has received a report from the Deputy Minister of Agriculture, setting forth that owing to advanced age, it is desirable to retire from the public service Dr. F. Torrance, Veterinary Director General, Ottawa, under the provisions of the Public Service Retirement Act 1920 as amended 1921, 1922 and 1923, and the Civil Service Commission concurs in this recommendation.

As required by the said act Dr. Torrance has been duly notified of the intention to retire him from the public service and has acquiesced therein.

Dr. Torrance was born July 13, 1859, and is consequently sixty-four years of age; he was appointed as veterinary inspector by order in council of March 1, 1906, and acted intermittently in this capacity until December 1, 1912, when he was appointed Veterinary Director General, since which time his service has been continuous. Although Dr. Torrance's service was intermittent he was retained under the authority of the order in council and was liable to be called upon for service during any of this time.

In other words, he was retained in a professional capacity. To continue:

For this reason the Deputy Minister of Agriculture and the Civil Service Commission are of the opinion that Dr. Torrance's service should be considered as continuous from the 1st March, 1906 for the purposes of calculating his annuity, making a total service of seventeen years and nine months on the 1st December, 1923, the date upon which his retirement is recommended to be effected. The deputy minister further reports that in the event of this retirement being effected the vacancy caused thereby will require to be filled.

The Civil Service Commission therefore recommends that authority be granted under the provisions of the said act for the retirement of Dr. F. Torrance, Veterinary Director General of the Department of Agriculture, Ottawa, from December 1, 1923; and that in lieu of one month's notice and one month's salary gratuity he shall receive two months' salary grat-

uity as provided in section 3 (1) of the Public Service Retirement Act 1920 as amended 1921, 1922 and 1923; and that furthermore because Dr. Torrance was retained as veterinary inspector by authority of order in council from the 1st March, 1906, and in view of the meritorious service rendered by him, authority should be granted to pay him a retiring annuity based on a service of seventeen years and nine months, under section 3 (6) of the said act.

Then there is a schedule giving his age, which I have already referred to, service, annual salary, average salary, two months gratuity and annuity on retirement $1,512, and so on, and the order concludes:

By order of Civil Service Commission

W. J. ROCHE,
Chairman.

M. G. LAROCHELLE,
Commissioner.

Now we have this continuous story.

Mr. MACKENZIE KING: Do I understand that my hon. friend feels Dr. Torrance should have been allowed what the Civil Service Commission suggests?

Mr. STEVENS: I contend first—and perhaps I should have substantiated this part of my argument but I intend to do it before I sit down—there was absolutely no ground for his dismissal; secondly, the manner of his dismissal was unwarranted and unparalleled for its crudity and for its almost—I was going to say—brutality having in mind the age of the gentleman; and I contend—

Mr. GAUVREAU: What about 1919?

Mr. STEVENS: And I contend further that inasmuch as this resignation was secured by a distinct verbal agreement with the minister—

Mr. MOTHERWELL: No.

Mr. STEVENS: The minister told us that the other day.

Mr. MOTHERWELL: I deny that absolutely.

Mr. STEVENS: Well I will read the resignation again given under an agreement which should be observed. I say further that the meritorious services of Dr. Torrance are of a character, just as this order in council drafted by the minister himself or by his department sets forth, that wholly warrants the payment of the gratuity. Now let me read the resignation again. The minister may deny the agreement but I have it here in his resignation that the minister receives and acknowledges in writing, there is no gainsaying that:

I desire to express my wish to resign and retire under the Calder Act, understanding that I would now be entitled to a retiring allowance of fourteen hundred dollars per annum.

The exact figures were not worked out until later. Now I turn from that to what the minister says to-night and to the memorandum. The minister takes refuge in a certain position. The Prime Minister was not in his seat the other day and I regret that very much because I think we would have had a different story by now had he been here. The other day the minister stood up in his place and read a certain letter and said "I have had this letter in my possession for some months" —I think it was six or seven or eight months. He said "I was satisfied to retire him under this letter but I was looking for corroborative evidence, and I think I have corroborative evidence in my hands." And he held up a memorandum with a gesture that savoured of the melodrama. He of course was fishing but we did not fall for his bait. We insisted that he should not bluff this House. The minister said "It reflects on Dr. Torrance therefore I do not read it". What more mean, contemptible method of besmirching the character of a man than to hold something before the public and say "I have something here that reflects on his character but while he is at outs with me now I am so courteous and jealous of this man's reputation that I prefer to keep this secret, but I have it here". I say what more contemptible method of besmirching an innocent man's character than to do that. And what did we do? We said to the minister "You are not going to get away with a cowardly act of that kind. If there is anything wrong in the memorandum, if there is anything detrimental to the character of Dr. Torrance we want to hear it, and the world wants to hear it, in justification of his dismissal." And what did we get? We got a memorandum and the minister says "I would not have revealed these petty things if it had not been for the fact that my hon. friends opposite insisted upon it." Now let us review these things for a moment, let us look the situation over. The minister got a memorandum and denied knowing anything about it. He would not tell us who wrote it, he said he did not know who the writer was. In the memorandum it is stated that he used the frank of a deputy minister for his personal mail and the personal mail of his family. Every Monday morning he brought his mail to the office and handed it to the messenger to be franked, and the Postmaster General wrote to him asking him in regard to the matter. Now, we have from

Dr. Torrance an absolute denial of any conscious violation of any regulations regarding the franking act. Let me say to the minister that Dr. Torrance had as much right to frank a letter for his family as the minister has to frank a letter for his family. Has the minister never franked a letter for any member of his family?

Mr. MOTHERWELL: No.

Mr. STEVENS: Never?

Mr. MOTHERWELL: No.

Mr. STEVENS: Well, a Daniel has come to judgment.

Mr. MOTHERWELL: My family pay postage on their letters.

Mr. STEVENS: I am very glad to hear it, but I will venture to say looking around this House that there are not many members but will frank a letter for their wife, son, daughter, or sweetheart. I will say to the House I have franked some myself.

Mr. MOTHERWELL: I think a minister is entitled to do it if he desires.

Mr. STEVENS: I do not think there is very much wrong with it.

Mr. MOTHERWELL: No.

Mr. STEVENS: And I think the civil servants of Canada very frequently frank their letters. I admit that perhaps it may be well once in a while to bring up and demand a strict enforcement of the regulations, but I venture to say there is not a member of the House who can tell me what the exact terms of the regulations are. I am sure I do not know and I think I keep well within bounds. I am not aware of having franked a letter within the last five years for any one other than myself but I am conscious at some time in my thirteen or fourteen years' service in this House of having violated the rule as it is interpreted now. Is there anything in that worthy of even reference? There certainly is not. A kindly courteous word from the minister to any officer would at once end everything of that kind.

Mr. MOTHERWELL: The dismissal was not based on that.

Mr. STEVENS: I know it was not but it was trotted out as corroborative evidence. Then the memorandum goes on to say that Dr. Torrance went to Calgary and took his golf clubs with him. This iniquitous memorandum which the minister said he could not and would not vouch for—he did not know who wrote it, his deputy would not tell him, and he would not tell the House although we asked him to do so—says that Dr. Torrance went to Calgary on official business, spent about fifteen minutes there on official business, and for the rest of the time he was there played golf. Now, we have a statement from Dr. Torrance that he never played golf in Calgary then or at any other time. Yet the minister comes into the House—and this is what angers me—and reads this memorandum impugning the honour and the integrity of this civil servant without a scintilla of evidence to back it up. The minister did not even take the trouble to ascertain who wrote this memorandum. Just think of it, the minister besmirching in a most iniquitous and picayune manner the character of a man, and he never himself tried to find out whether there was a scintilla of truth in his charges.

Now let me turn to this famous letter we hear so much about. The letter that Dr. Torrance wrote to Dr. Mohler. I wonder if the Prime Minister will bear with me while I read this letter again. I read it the other day. The minister was confronted with irrefutable proof that he was absolutely wrong with regard to the charge made last Friday and he says to-night "I stand to-night on this letter and if I had the thing to do over again I would not wait five months, I would dismiss him on the spot." He reiterates that.

Mr. MOTHERWELL: That is not the way I put it. I said I would take the advice of the hon. member for Victoria (Mr. Tolmie).

Mr. STEVENS: Oh, no. I ask the Prime Minister, he heard the statement.

Mr. MACKENZIE KING: That is what he said.

Mr. GAUVREAU: He said it twice.

Mr. MACKENZIE KING: That is the way he put it.

Mr. MOTHERWELL: I said that I would take the advice of the hon. member for Victoria and dismiss him immediately.

Mr. STEVENS: I heard that perfectly, but does the minister think the members of this House are children, that they cannot see through such absurd subtlety as that?

Mr. MOTHERWELL: It is pretty hard to believe my hon. friend is sincere.

Mr. STEVENS: It is not hard to believe me at all.

Mr. TOLMIE: To clear up that little question about the hon. member for Victoria dismissing Dr. Torrance without giving him a fair chance; I said that he should have had a fair

chance. I said that if his offence was serious enough to force his resignation, his resignation should not have been asked for, but he should have been dismissed outright. But when the minister saw fit to ask for his resignation he should at least have treated Dr. Torrance as a gentleman and as a man should be treated.

Mr. STEVENS: Dr. Torrance wrote a letter to the Acting Director General of the United States, and I ask the House to look at it in the proper perspective. Canada was negotiating for the lifting of the embargo in Great Britain. The British authorities were suggesting to the Canadian authorities, "Now, if we admit your cattle into Great Britain we think you should lower the period of quarantine in Canada against British cattle which you import in some numbers, thoroughbreds and breeding stock". But there is a third party to this. Our regulations are more or less harmonious with those of the United States. Both the department in the United States and the department in Canada have been working in harmony; and so the minister directed Dr. Torrance—I think I am correct in this—to ascertain from the Director General of the United States what their attitude should be if the department found itself forced to lower the period of quarantine, and I have here the letter which the minister says warrants the dismissal of Dr. Torrance. It was marked "confidential" and was sent to Dr. Mohler of Washington. The letter reads as follows:

> I am strongly of the opinion that quarantine regulations should be based upon scientific knowledge of the diseases against which we desire protection, of the conditions surrounding the traffic in animals, the freedom from disease of the country from which the cattle are exported, and the time occupied in ocean travel. If political considerations are to be introduced into the consideration of the question of quarantine it places the scientific advisers of the respective governments in a very anomalous position, and I feel that where we have to undertake the responsibility of carrying out any regulations that are made we should also have a decided influence in the planning of these regulations.

Let us pause there. This is the gist of the whole thing. This is where the minister takes his stand on the subject. Dr. Torrance says he had no idea of suggesting party or political influence of any sinister character. He was referring to the political pressure of the British government upon the Canadian government. Now were there not some grounds for that? Ample grounds. The British government were being asked to remove the embargo. We know that for years every conceivable opposition was put in the way. We know that the British farmers, agriculturists and breeders objected to it and fought it right down the line, and Canadian shippers were very much disappointed. But a time came when the British government felt that they had to do something. It was due to Canada to do it. There was some justice in Canada's claim, and they said to Canada, "Give us something which will be some compensation at least to our own people;" and they asked us to lower our quarantine regulations. That is the political consideration referred to, and I ask the Prime Minister in all fairness, would not the fair reading of this indicate that as a most sensible interpretation? Let me ask further, having in mind all this correspondence between the two departments of these two governments, and having in mind the question of the British embargo, the other end of the matter, what political considerations of a local or partisan character could possibly enter into it? There is no room for the suggestion. But as a matter of fact there were sound grounds for the political interference of the character I spoke of. He says in this letter:

> It is quite possible, however, that a suggestion may be made that we should modify our quarantine so as to reduce the time of detention, and it is with regard to this possible demand that I would like to have confidentially your opinion as it affects the relations between the bureau and the Health of Animals branch. We have always felt that we were under agreement not to alter our quarantine regulations without previously notifying you of our intention, and we have received from you the same consideration.

Then he says:

> I am strongly of the opinion that quarantine regulations should be based upon scientific knowledge.

I have read that portion. There is nothing wrong with that. Is that not perfectly sound? I have not the letter in consecutive form. I am just reading the paragraphs quoted in Hansard. He says in this letter:

> I feel that where we have to undertake the responsibility of carrying out any regulations that are made we should also have a decided influence in the planning of these regulations.

There is nothing wrong about that. Who should plan the regulations, if it were not to be done by the scientists employed by the different governments? Who is qualified to properly perform the regulations other than the Director General whose qualifications from that standpoint have never been questioned, not even by the minister? Let me pause for a moment to say that Dr. Torrance was dealing with this question as he was instructed to do by his minister. The only possible excuse the minister has for taking a political view of it is the word "political" inserted in that letter. If we can put on that word an interpretation consistent with the letter itself

as I have done—and I submit it is the only interpretation—then we remove the minister's objection to the letter.

Mr. MACKENZIE KING: Let me say a word at this point. Taking the hon. gentleman's own interpretation of the word "political," I ask him if he thinks it is a proper thing for an officer of this government, where a difference of opinion is supposed to exist between this government and the British government in regard to a particular matter, to refer that matter to an official of the United States government and ask his adverse comment upon it. Let me cite a parallel case. At this very moment there is a difference of opinion in this country as to the attitude the British government is taking on the question of preference. An officer of the Department of Trade and Commerce here might just as Dr. Torrance did in the case the hon. member cites, and according to his own interpretation, take the view that political pressure is responsible for the position the British government is taking in this matter. Would the hon. member think it a proper procedure for an officer of the department, without the knowledge of his minister, to communicate with the Department of Trade and Commerce at Washington, and ask him his opinion as to how the matter should be dealt with? If an officer of the department saw fit to act in that way, I do not wonder that the minister would not have confidence in him.

Mr. STEVENS: The Prime Minister has missed the point. He says: "Without the knowledge of his minister". His minister instructed Dr. Torrance to ascertain how the United States department would be affected. He instructed him to write this letter.

Mr. MACKENZIE KING: Instructed him to refer to political considerations?

Mr. STEVENS: No. The Prime Minister based his argument a moment ago on the fact that the minister was ignorant of all this. I am pointing out to him, just in answer to that point, that Dr. Torrance was instructed to write that letter.

Mr. MOTHERWELL: Not that kind of letter.

Mr. STEVENS: This letter is a confidential letter. It does not refer in an offensive way to political influence. There is nothing of an offensive character in the language, even though one chose to take that view which I cannot see any ground for. Let us examine the letter again. After several paragraphs to which the minister takes no objection, dealing with the whole question of quarantine, Dr. Torrance states:

> If political considerations are to be introduced into the consideration of the question of quarantine it places the scientific advisers of the respective governments in a very anomalous position, and I feel that where we have to undertake the responsibility of carrying out any regulations that are made we should also have a decided influence in the planning of these regulations.

Then he goes on:

> Should political pressure force me to accept a shortened period of quarantine for imports from the British Isles I have been wondering what would be the attitude of your bureau in regard to the matter.

What pressure could there be other than political pressure? The pressure is the relations existing between Canada and Great Britain as affecting the removal of the embargo in Great Britain and the shortening of the quarantine period in Canada. The word "political" is very properly used there. Dr. Torrance says this: "I believe our quarantine period of thirty days should be maintained, but this pressure, owing to these negotiations, may force me to shorten that period". He does not say this, but this, of course, is inferred in the object of the whole correspondence—"Should I be forced to reduce that period, what are you going to do to our cattle? Are you going to shut our cattle out or are you going to increase your period of quarantine?" It must be borne in mind that these negotiations between the department in Washington and our department in Canada had been going on for years. They had been running on harmoniously in regard to these matters and the question was a very serious one. Dr. Torrance, at the instructions of the minister, seeks to find out what the attitude of Dr. Mohler would be. To show that Dr. Mohler took no wrong impression out of this, we have already read to-night a letter from Dr. Mohler showing that no such idea entered his head. Then, we have his reply which I might read again—I do not suppose that is necessary—a perfectly courteous reply that has in it no suggestion of there being anything offensive in this letter.

10 p.m.

I want to make this appeal to the Prime Minister: Supposing he grants that there was in the wording of this letter something other than the skill of an experienced diplomat, would that be an offence for which a servant of his standing should be summarily dismissed? I put this to the Prime Minister? He is in charge of External Affairs; supposing an under-secretary of External Affairs wrote a letter that was not couched in quite the terms that he approved and he later ascer-

tained this; supposing this was the first time and that there was no more than this, would he dismiss him? He would not; I know he would not. He might bring him in and question the propriety of the exact language or something of that kind but he would not dismiss him. He would not bring him into his office; put a pen into his hand and say: Sign that resignation or you go out of here dismissed and disgraced. That is our complaint in this matter. Dr. Torrance was not given any opportunity. He is a man of the highest standing, a man of reputation, a man who has served this country well, a man who stands at the top of his profession, a man whose integrity and honour are not impeached by any one in this country other than by the minister and these two or three—the minister would not tell us who they were—unnamed, unrevealed scandalmongers whose statement was read to this House, and even the man who read it was ashamed to take responsibility for it. In addition to that, I have in my hand a sworn statement from Dr. Torrance that I intend to put on Hansard dealing with this whole matter. There should be no necessity for a sworn statement from him and no one in this House should ask for it; but when one is charged with innuendo and invidious allegations are made such as were read in this House the other day, and when such treatment is accorded under the excuse of this letter, it appears to be necessary to get the strongest possible evidence to support our contention. This is the affiadavit that Dr. Torrance has signed in connection with the matter.

Mr. MACKENZIE KING: Before the hon. member reads the affidavit, as I listened to the discussion since I came into the House this evening it was perfectly clear to me that the Minister of Agriculture (Mr. Motherwell) did not desire at all to leave the impression that he was in any way reflecting on Dr. Torrance's character. He has made it clear that there was a lack of confidence between himself and Dr. Torrance. The particular act that he has referred to was an act which he felt, having regard to their existing relationship made it desirable that it should be terminated as soon as possible. But as regards the communication to which my hon. friend has taken strong exception, the Minister of Agriculture said this evening that he did not mean the words in the sense in which they are being interpreted at the present time by hon. members opposite, and I might say further that I think the minister is the last one who would in any way be harsh with an official of his department. He was ready to endeavour to meet Dr. Torrance's wish in the matter of superannuation and the like. If in any particular that wish has not been met, to the extent to which it is possible to have it met upon report of the Civil Service Commission, made in accordance with the laws of the country, it will be the wish of the government to see that in that regard every justice is done to Dr. Torrance.

Mr. STEVENS: I am glad the Prime Minister has made that statement; but he was not in his seat the other day when this previous discussion took place. Had he been in his seat, he would have understood what aspersions were heaped upon Dr. Torrance. The minister certainly to-night, faced outside of the House and in the House with a situation that was untenable for him, comes and places his whole stand on this letter of which I think the most harsh interpretation would not justify the action that was taken.

Let me read this affidavit by Dr. Torrance and let me call to witness the statement of the Prime Minister and the statement of the minister himself that he cannot find grounds for disputing the honour and the integrity of Dr. Torrance.

Statement of the circumstances leading to the retirement of F. Torrance from the position of Veterinary Director General.

On Saturday morning, July 7, 1923, I was in my office as usual when I received a telephone message to come over to the minister's office as he wished to see me. I went at once and found Hon. Mr. Motherwell alone in his office.

He asked me to sit down and said: "I think the time has come, Doctor, when we should part." He went on to say that he had lost confidence in me and when pressed for a reason, said that information from my office had reached the opposition. I vigorously denied having given any information other than any one had a right to have and said that if such information had reached the opposition it was not with my knowledge or consent.

He then said that he had a copy of a letter I had written to Washington which gave him ample grounds for my dismissal. Without letting me see the letter, he read a passage from it which he interpreted to cast a reflection upon himself and the government as likely to force me to take a course for political reasons which I did not approve. I explained that the reference was not to Canadian but to British authorities and reminded him that the letter in question had been written a long time ago, namely, last October, yet he had never objected to it until to-day. He would not accept any explanation.

He demanded my resignation and said that unless it was forthcoming at once he was prepared to dismiss me. I said that this appeared to be a very harsh way of dealing with an official of my standing and service and requested to be given an opportunity of consulting my friends. He refused.

I then asked permission to see the Prime Minister. He said that the Hon. Mr. King was out of the city and in any case it would be useless to see him as my retirement had been considered by the government and decided upon.

He went on to say that if I resigned I would be entitled to retirement allowance under the Calder Act based upon seventeen years' service and, consulting a memorandum in regard to this, said—

The minister said.

I would receive about $1,400 or $1,500 a year. If I refused I would be dismissed without any retirement allowance whatever. He offered me paper—

I want the Prime Minister to hear this affidavit.

He offered me paper and pen and insisted that my decision be made instantly.

I then asked that if I resigned I might be given the customary six months' leave with pay. He replied that they desired to fill the position immediately, and if leave were granted they could not fill the position until the leave had expired. I suggested as an alternative a gratuity of six months' salary. He agreed to this.

I then asked if my retirement could not be postponed for a year when I would be sixty-five and could retire on account of age. This was refused.

I felt it was useless to go further. I had to choose between two alternatives, either to fight an unjust dismissal with the whole force of the government arrayed against me or else to accept the terms offered and write out my resignation. I had no chance to consult any one and no time to think it over. I decided to resign, wrote out my resignation and gave it to him, at the same time making a copy for myself. Our interview then terminated.

I am told my resignation was before the council and accepted the same day.

I afterwards saw the Hon. Mr. King at his country residence but could obtain no redress. He however approved the granting of six months' leave. In the final adjustment this was changed to four months' leave and two months' salary as a gratuity.

My retirement allowance has not been arranged as agreed upon. My term of service has been cut down from seventeen years to eleven years and four months and my annuity from approximately fourteen hundred to nine hundred dollars.

This is a grave injustice. I was induced to resign by a definite statement that I was entitled to an allowance based on seventeen years' service and this arrangement has not been honourably carried out.

My services to the country have deserved better treatment. I was the responsible official when in 1914 the worst outbreak of foot and mouth disease in the history of the United States broke out in that country. It never gained entrance to Canada, not through good luck, but through the careful preventive measures adopted by my advice and carried out under my direction.

During my term of office cattle mange in the provinces of Alberta and Saskatchewan was practically wiped out and the mange area abolished; dourine of horses was entirely eradicated; and losses from glanders and hog cholera reduced to a minimum. Active steps were taken towards the control of bovine tuberculosis. The meat inspection service was maintained at a high level of efficiency.

The Health of Animals branch of the Department of Agriculture gave further proof of its efficiency and value to Canada in connection with the removal of the British embargo on our cattle. The most valuable argument on our side was the freedom of our cattle from serious communicable diseases.

The branch over which I had the honour to preside for many years is largely responsible for this happy state of affairs, yet its chief officer, responsible under the minister and his deputy for its policy and its efficiency, has received the treatment I have described.

F. TORRANCE.

Sworn to before me at Guelph, Ontario, this 31st day of March, 1924.

R. G. JOHNSON,
J.P.

[Mr. Stevens.]

That is Dr. Torrance's statement, a fair statement of fact. I draw the Prime Minister's attention once again to the statement incorporated in his resignation, acknowledged a day or two afterwards by the minister himself, indicating that an agreement or bargain had been made regarding Dr. Torrance's retiring allowance. Let me read the affidavit again in that regard:

He went on to say that if I resigned I would be entitled to retirement allowance under the Calder Act based upon seventeen years' service, and, consulting a memorandum in regard to this, said I would receive about $1,400 or $1,500 a year.

The minister prepared for this emergency, knowing exactly what he was going to do. He had this memorandum under his hand when the consultation was taking place. Dr. Torrance had not the slightest notice of what was impending. He entered his office unsuspectingly and was met with a demand for his resignation. The minister had it all carefully prepared. The other day he intimated that for six or eight months after knowledge of this letter he nursed in his heart this little grudge about "political considerations" and sought for corroborative evidence,—

Mr. MOTHERWELL: That is not so.

Mr. STEVENS:—which corroborative evidence he produced the other day—corroborative evidence of such a disreputable character that one would not condemn a yellow dog on it, leave alone a civil servant—the disreputable character of which he has acknowledged and demonstrated in the fact that to-day he abandons it and seeks to avoid every reference to it.

Some hon. MEMBERS: Oh, oh.

Mr. GAUVREAU: It is awful.

Mr. STEVENS: Yes, it is awful. Hon. members laugh—

Mr. GAUVREAU: Don't get excited. You did worse than that in 1911, you threw poor people on the street in a heartless and cowardly way. It was a cowardly act.

Mr. STEVENS: We quite agree with the hon member's designation of this act—it is certainly a cowardly act. It is no laughing matter, nor is it a trivial matter, for a civil servant to be thrown out in this way. The least Dr. Torrance could have expected was to have been given an opportunity to defend himself, an opportunity to consult his friends, an opportunity to ponder the heinousness of the offence contained in that simple letter. But no such opportunity was granted him, no consideration whatever was accorded him.

Instead, by brutal strength, based upon unlimited power, his resignation was demanded or he would be forced on the street.

Mr. MOTHERWELL: Mr. Chairman, what my hon. friend has said requires a little attention, and possibly I may have to repeat myself as a number of hon. members were not in their seats at the beginning. I have been accused of selecting the letters I read. I stated to the committee at the outset that I would read as many letters as I thought would be of interest, and that if any further letters were required upon which some of those I intended to read were based I should be glad to read them, but that I did not want to clutter up Hansard any more than was necessary. But see what my hon. friend did in reading his extracts from Hansard. He got to a certain point twice, Mr. Chairman, and then balked solid. Let me quote:

Mr. Motherwell: It came through Dr. Mohler.

This is, the information, the report that he was surprised and so forth.

Mr. Meighen: Very well; but who said it?

Mr. Motherwell: I understand it came from Dr. Mohler.

Mr. Meighen: Did Mr. Mohler say that he was astonished?

Mr. Motherwell: Yes.

Why did he not go just a little bit further, one more step? I do not think he saw the next one; possibly he is colour blind or something like that. Now, what was the next one?

Mr. Meighen: Will the minister take the responsibility for saying that Dr. Mohler so stated?

Mr. Motherwell: I could not do that as he did not tell me.

"He did not tell me," showing, as I stated in the first instance, that the report had come to us that Dr. Mohler had expressed surprise that we kept a gentleman in our employ. That was the report that came to us, and when the right hon. leader of the opposition wanted to know if I would take the responsibility for saying that Dr. Mohler had said that, I replied that I could not, as he did not tell me. Yet my hon. friend, who pretends to be the quintessence of fairness to-day, balks like a balky horse just as he comes to that.

Mr. MEIGHEN: But the minister took the responsibility for the statement that Dr. Mohler had told someone. It now turns out that Dr. Mohler told no one, and that the minister's statement was false.

Mr. MOTHERWELL: I am very glad to find that he did not. So much for that. I have not the place in Hansard where I spoke the other night, but I am sure hon. members heard me two or three times state the reasons why I did not take this matter up with Dr. Torrance immediately after the letter came to my attention. There were two or three reasons why I did not do that. One was that I was busy preparing for the session, then the session was on. Furthermore I was desirous to give Dr. Torrance a second chance, which every man is entitled to, and to see if he would not cease his resentment. I understood the hon. member for Vancouver Centre to say that I admitted I nursed this resentment to Dr. Torrance and watched for an opportunity to trap him. I said the very opposite, that I gave him six months to retrieve himself, to live down his conduct.

Mr. STEVENS: Did the minister ever speak to Dr. Torrance regarding this letter upon which he now bases his action?

Mr. MOTHERWELL: I did not.

Mr. STEVENS: Not until July 7.

Mr. MOTHERWELL: We will follow that up now. My hon. friends seem to be making much ado about very little. Dr Torrance is gone; I do not know that this will bring him back, but we want to do justice to him, we want to do justice to all. Now, so much for that. I gave him six months' grace, as I say, in which to do the right thing, but he did not do it.

Mr. LADNER: How did Dr. Torrance know that he had done the wrong thing then?

Mr. MOTHERWELL: I certainly told him, as I have stated here about fifty times. Now, his resignation is here, as read by my hon. friend. How did the understanding regarding his retirement come about? I told Dr. Torrance distinctly that I could not tell, did not know, could not make a computation as to how much he was entitled to, but I said he would get all that was coming to him under the terms of the Calder Act. He said he was entitled to seventeen years, and I said, "Well, whatever you are entitled to you will get." What did he think he was entitled to? I do not think the Prime Minister was here when we took that up. What did he say he was entitled to? This is what he told me: He said he was entitled to seventeen years, with the exception of some technicality with regard to the first six. I took him at his word. Of course I did not know whether that was correct; I had not seen the Calder Act at that time. I could

not compute it even now or say what it would come to at seventeen years. Based on his own figuring, it was $1,500, and I said, "If that is what it is shown to me by the Calder Act, that is what you will get." It could not be otherwise. I did not know until some time afterwards what it would come to; in fact, I was astonished at the liberality of the allowance. As I said before, I could be accused of being too liberal, of computing his annuity in respect to two years in which he did not work one hour for the government. Yet I am accused of being unfair to him. Let us see how many hours he did work. I will go over that again as given in the letter of Mr. Jarvis, my assistant deputy minister, to the Civil Service Commission, previously referred to. In 1905-6 he got $339; on a basis of $15 a day he would have worked 20 days, in round figures, that year. In 1906-7 he got $150, which on the same basis would be 10 days' work. You hear sometimes about the short hours of the Civil Service; this beats anything I have seen or heard of. In 1907-8—one of the years on which he thinks his annuity should be based, and one of those he referred to as subject to a technicality, he otherwise being entitled to the whole seventeen; and it was a pretty substantial technicality when in this and the next year he did not work an hour—in 1907-8, nothing; in 1908-9, nothing. In 1909-10, $150, ten days; in 1910-11, $60, six days; in 1911-12, $172. Some expenses were included in that last figure and I do not know how many days it would cover, but probably not more than 10 or 11. Now that was the computation on which he thought he should get his annuity. It is no wonder he was disappointed. But I felt that there were special circumstances to be given consideration. The Civil Service Commission believed the same thing, and my deputy also took that attitude, knowing him for a long while, and in many respects very favourably. As far as I am concerned we usually sign these matters on the dotted line, but if I had any compunctions about signing in this case I was willing to err on the side of generosity, so the recommendation went to council with my signature that he get his allowance on the basis of the 17 years. The Auditor General—I think it was the Acting Auditor General then, but I am not sure—sent a memorandum to the Audit Board advising them of the circumstances and the recommendation was refused.

Now, why did I not give him more time, my hon. friends say? When he came into my office I referred this letter to him and asked him what it meant, gave him an opportunity to explain. His explanation was that it was not myself or this government but the British government he was criticising—and the letter from Dr. Mohler refers to the same thing, the British government, showing that there was some communication with them other than this in which the British government was involved. I said, "I think, Dr. Torrance, that makes it only worse. I think the time has come when our partnership should be dissolved." Now, I regret to have to state these things, but in the face of the sworn statement of Dr. Torrance I am going to give some details too. He immediately took the attitude of fighting—not of fighting me personally but of gathering his friends all round the country and saying he was going to fight this injustice. "Well, all right," I said—when a man shows fight, whether it be in this committee or anywhere else, I am not going to crawl under the desk, I can assure you of that. He took the ground that I did not dismiss him while the House was in session because I was afraid to, and with an insinuation in his voice he wanted to know why I left it until after prorogation. I ask hon. members if I was going to take that lying down? So I said, "Well now, if that is your attitude, if you are going to fight, I guess we will have to see about it." I said, "I am prepared to go the limit in doing the right thing by you now, but at the same time I want our present relationship to terminate, for several reasons, one of them this letter." This was the manner in which he received my request—going to fight. As a matter of fact we have run across that feeling not once but many times—the impression among a lot of people that we could not dismiss them; and he was imbued with that idea. Well then, we just had to try it out, and he was wrong. Most of his recital is correct, but he did not tell that part. It was he who started it. I did it in the most conciliatory manner that I could think of, because it is not a very easy duty to perform. As I said before, only four times in my life have I asked for the resignation of an officer, but in the face of his reply and the way that he received it, there was nothing else for me to do but afford him all the facilities possible for his retirement, and I did.

Mr. MEIGHEN: When was this show of fight that so incensed the minister?

Mr. MOTHERWELL: Right there, then.

Mr. MEIGHEN: After the resignation was demanded?

Mr. MOTHERWELL: No. yes, after it was demanded.

Mr. MEIGHEN: No or yes? Which will he abide by?

Mr. MOTHERWELL: What is that?

Mr. MEIGHEN: Will the minister answer yes or no? He said both.

Mr. MOTHERWELL: Will you just sit down, or ask the question in such a way that I can understand.

Mr. MEIGHEN: No, I have the floor. I will not sit down until I get an answer. Was the show of fight after the resignation was demanded or before?

Mr. MOTHERWELL: There was no need before it was asked for, I should think.

Mr. MEIGHEN: So the minister's decision was come to before the show of fight appeared at all?

Mr. MOTHERWELL: The show of fight was as soon as I asked him to make an explanation, and his explanation was that the British government was complaining.

Mr. MEIGHEN: The minister is hedging. Was it before the resignation was demanded or after?

Mr. MOTHERWELL: After.

Mr. MEIGHEN: Then how could the show of fight determine the minister's attitude, if the minister's attitude was taken before?

Mr. MOTHERWELL: It was the manner of it, and I am going to explain why I could not give the length of time he asked for. I was going west the next Tuesday; this was on a Friday as far as I remember, and as soon as I indicated what my wishes were, when he failed to explain this extraordinary letter except in the way he did, that it was the British Government he was criticising—and I want to say that the ministers and the members of this House are not supposed to criticise other governments, much less should that be the duty of an officer of the government—as soon as he realized what I desired, he started to show fight, he was going to fight it, he was not going to resign. Well, he did resign. Now, what other position could I have taken? Was I going to have him challenge my right to ask him to resign? After that, as soon as he saw that I meant business he cooled off and we discussed business. He must have known the facts. He must have known there were two years between 1906 and 1912 when he did not work an hour for the government, and two other years when he only worked sixteen days, and two other years when he worked not more than twenty days each year, and yet his resignation was based on his understanding that he was entitled to all those years in computing the annuity. I told him: "I do not know anything about this, but whatever is coming to you you will get." I went further. Even after I knew these things—and I think I am censurable for trying to get him seventeen years, but it was made out by the Civil Service Commission,—in view of all the circumstances I recommended that, but the Audit Board and the Auditor General turned it down, and I think they were right. In view of all these circumstances I do not see how in the world I can be charged with severity in the settling of this question with Dr. Torrance. I do not know what leniency means if I did not show leniency on that occasion.

With regard to the necessity about quarantine, just to show you there was no necessity for such a letter, the quarantine has not been changed since, nor did the British government ask us to reduce the period of quarantine, except under circumstances that did not occur, that is, that breeding cattle should be permitted in. That was the only circumstance, and that has not arisen yet.

Mr. MEIGHEN: So there was no need of the letter?

Mr. MOTHERWELL: Oh, yes. We had an understanding with the American government that we would play the team game and keep each other informed as to dangers from disease from foreign countries, and also as to a common period of quarantine for the two countries. The moment we changed ours they would have some justification for changing theirs, and it was only ordinary international courtesy to tell them that there was a possibility, in the event of breeding cattle being let in, that there might be a change. It has not resulted in that, but there was a probability that it would.

I think I have now covered all the notes that I took while my hon. friend from Vancouver Centre was speaking, except to say that when estimates are going through, oppositions certainly have the advantage, and my hon. friend took the fullest advantage of his position. If I remember rightly, he also used the word "coward" as applied to myself. It is all right, you know. We like to give oppositions latitude, and I think we can afford to give latitude to this particular opposition. They are trying to pick up a little of what they have lost during the past session in many respects. They are trying to pick it up in this matter, and they have no case.

I do not want to prolong this debate unnecessarily. I would point out once more that I was absolutely warranted from my standpoint because of the extraordinary letter of Dr. Torrance to a foreign government, and not only with regard to his attitude towards this government, but the British government. It was impropriety, I say, of the first character, and I could not see anything else for it but to do what I did. I have in every possible way made it as light as possible for him. I gave him the six months, and I tried to get him an annuity based on seventeen years, and the very fact that the six months was sufficient to enable him to get other employment is an indication that I went as far as I could to take care of him. At no period of the six months was he out of employment. What is more, I was careful about saying anything, although I was interviewed in regard to his resignation. There were no great headlines in the newspapers about it; very few noticed the retirement of Dr. Torrance, which goes to show that as far as I was concerned I was not desirous of giving him any unnecessary publicity that might do him any harm or prevent him from getting subsequent employment.

Mr. LADNER: Now the minister is in possession of all the facts disclosed in this debate, and from the reading of the correspondence, would he dismiss Dr. Torrance?

Mr. MOTHERWELL: Do you mean if I had to do it over again?

Mr. LADNER: Would the minister, being in possession of all the facts disclosed in this debate, and by the filing of these documents, dismiss Dr. Torrance under the circumstances?

Mr. MOTHERWELL: Surely.

Mr. GUTHRIE: I have the honour to represent in this House the riding where Dr. Torrance now resides, and I may be excused for a moment or two if I discuss one or two aspects of this case as it appeals to me. There is no doubt that Dr. Torrance is a man who enjoys a very high reputation in his profession, not only in this country, but I fancy also in the United States. He is a man who is at the head of his profession. His services were first requisitioned by the government of Canada in the days when the late Hon. Sydney Fisher was Minister of Agriculture. I do not know what Dr. Torrance's political affiliations were at that time, or whether he had political affiliations of any kind. I do know, however, that the late Hon. Sydney Fisher in 1906 retained the services of Dr. Torrance on the ground of his professional merit, and on that ground exclusively, and the fact that Dr. Torrance was continued in the service from 1906 down to last summer speaks volumes, I think, for the ability which he displayed in the high office in which he was placed under the government of Canada. He drew a fair salary, he occupied a very high position, and we know that in the case of senior servants it has been the custom for governments not to dispense with their services summarily but to treat them as men who have worked their way to eminence and are entitled to consideration, more consideration perhaps than one occupying a minor position in the service. Dr. Torrance had reached that position, an eminent position in the service of Canada, and had done great work for this country according to the testimony of the present minister, I believe, and of the former minister, and no doubt according to the testimony of every preceding minister if that testimony could be obtained. Suddenly, very suddenly, the services of Dr. Torrance are dispensed with by this government, or by the Minister of Agriculture to speak more definitely. We are naturally curious for a reasonable explanation of what, on the face of it, looks to be a rather high handed proceeding. I do not want to pre-judge the case. I am only trying to form an opinion upon the case from statements that were made here to-night and on Friday afternoon last. Having regard to the dubious statements that have been made in this committee by the Minister of Agriculture, one may fairly say that his demeanour, his conduct and his language all lack that ring of genuineness which one always expects from a minister whose estimates are under discussion in committee of Supply. There is something fictitious about this matter.

Mr. MACDONALD (Pictou): Evil mind.

Mr. GUTHRIE: There is something thoroughly artificial in the explanations that have been given to the committee by the minister.

Mr. MOTHERWELL: Would you call this letter artificial?

Mr. GUTHRIE: I submit and I think I am well within the judgment of the committee that the letter is not the reason, the letter is only the excuse for the dismissal.

Mr. MOTHERWELL: What is the reason then?

Mr. GUTHRIE: The reason lies beneath the surface. In my own mind I think the reason is to be found in the fact that one Duncan Marshall desired to make a trip to England—

Mr. MOTHERWELL: Oh, oh.

Mr. GUTHRIE: —at the expense of this country and was selected by the minister for that position. Under other circumstances were not Duncan Marshall upon the scene the head of the veterinary branch of this government would have been asked to go on that mission with the deputy minister to discuss with the British government the matter of the cattle embargo. For some reason or other one Duncan Marshall a political heeler of this government and of this minister, a man who for a year or two drew pay—and as we maintain illegally—from the treasury of this country, for some reason or other was selected by the minister for this important work in Great Britain. He was not a veterinary surgeon. The deputy minister who was to go with him was not a veterinary surgeon.

Mr. MOTHERWELL: We got the results, though.

Mr. GUTHRIE: The work that was to be done was work specially pertaining to veterinary science. Although the cattle embargo had been in force during twenty or thirty years and there was no disease among the Canadian herds, the question was one pre-eminently to be discussed and settled by qualified veterinary surgeons. Yet neither of the gentlemen selected was qualified as a veterinary surgeon—one the very able deputy minister; the other a very able political heeler, a political agent of, and in the pay of, this government, who is now going up and down through the constituencies, organizing for the next general election.

Mr. MOTHERWELL: He is not in the pay of the government.

Mr. GUTHRIE: The letter in question from Dr. Torrance to Dr. Mohler was not the reason for the former's dismissal but the excuse. The minister, for political purposes, wanted to get rid of Dr. Torrance. Having made up his mind that he was going to dispense with Dr. Torrance's services the question presented itself to him "What reasonable excuse can I find to lay before parliament and the country?" Now he trots out a letter written by Dr. Torrance to Dr. Mohler of Washington, written under the instructions, under the positive order, of the minister himself—a letter which he had in his department for six, seven or eight months, lying there on the files of that department. No discussion about it, no objection taken to that letter by the minister or by his officials; but when the opportune moment came the proud thought floated across the mind of the minister "Now I will use the letter as an excuse for the dismissal of a public servant who has served this government and this country well. I will make that the basis for discharging this prominent official." I doubt if, in the history of parliament, a more high-handed, a more autocratic act was ever performed by any minister. Without a moment's warning, without a moment's notice, the minister summons Dr. Torrance to his office, tells him he must part company with the government, tells him in plain language that he is dismissed. Dr. Torrance asks for a few hours to consider the matter, to consult with his friends. The Minister of Agriculture then and there demands "Unless you forthwith sign your resignation I will dismiss you, and you will not receive any pension or any retiring allowance." There was no time given for consideration. What was the reason for the dismissal? This old letter which had been lying on the files for seven, eight or nine months, was trotted out and laid on the table as the basis for the charge that this officer had misconducted himself and should be dismissed. Autocratic? Yes. High-handed? Yes. Exceeding legal authority? Yes. Yes, because neither this Minister of Agriculture, nor any other Minister of Agriculture, nor any other minister, can dismiss a civil servant of his own motion. Dr. Torrance in his affidavit says: "When I went to the minister's office on that fateful morning the minister told me the matter had all been decided by council." So that before Dr. Torrance was sent for at all the die had been cast; the axe had fallen. True the Privy Council can dismiss, they can pass an order in council to dismiss; but there is an act of parliament for the protection of civil servants which does not permit a minister to dispense with a public servant, and if we are to believe him it was the minister who did it in this instance. I believe myself that the act was consummated by the Privy Council before the interview with Dr. Torrance. When he was summoned to the minister's office he was in reality no longer a servant of the Crown. Think of a man summoned there and told "to sign this or be dismissed" and lose his pension. No time for consideration, no time for consultation with friends, there had been seventeen years of excellent service to the country, but the minister takes the ground that the officer's head must go into the basket to please Duncan Marshall or some other of the heelers of the Liberal party in the province of Ontario.

Mr. MACDONALD (Pictou): Would my hon. friend tell when he ceased to be a heeler of the Liberal party?

Mr. GUTHRIE: I do not think the question is quite in order, and to term an hon. member a "heeler" is not a parliamentary term.

Mr. MACDONALD (Pictou): Why did you use it then?

Mr. GUTHRIE: I have never occupied that position, and if my hon. friend who asked the question knows anything about it he is entitled to his own experience.

Mr. MACDONALD (Pictou): I desire to say to my hon. friend that I know more about his connection with the Liberal party than he would want to disclose to this House.

Mr. GUTHRIE: If there is one thing I am proud of it is that my connection with the Liberal party from beginning to end has been above board and open to the inspection of anybody. I have never yet been charged with anything, although I have been charged in this committee, notwithstanding my protest, that the language was highly improper and highly unparliamentary—

Mr. MACDONALD (Pictou): The hon. member started it.

Mr. GUTHRIE: I used the language in regard to a man not a member of this House, and I had a perfect right to do it, as my hon. friend knows full well; but that is the style of the whole performance; and now they try to hush it up and cover it up. The minister tries to explain how generous he has been to this man in granting him the full limit of leave of absence with pay, and how active he has been to secure him as large a retiring allowance as possible. First he cuts his head off—he dismisses him. Perhaps that might carry with it some stigma in the case of a man not so well and favourably known as Dr. Torrance. But after dismissing him he says, "Now, see how generous I can be. I am trying to give him all the pension he can get, all the leave of absence he can possibly get, and really I am doing him a kindness, because in the six months during which time he was under pay he secured another position." Why a man like Dr. Torrance can always secure any position I should presume. It is one thing to be a high official of the province of Ontario; but it is a greater thing to be a high official of the Dominion government, such as Veterinary Director General of the Dominion. The Dominion position carries more money and more prestige. The man who was qualified for seventeen years to perform the duties here is just as well qualified to-day under the provincial government, but that does not justify the highhanded action of the minister.

[Mr. E. M. Macdonald.]

Dr. Torrance has not been given what we call fair play. The minister has not acted decently with him. There is something still known and recognized in British and Canadian politics as justice and fair play. Having heard the statements of the minister, having heard the minister in the first instance introduce that letter as the basis of his dismissal, and trot out that miserable list of petty charges which somebody trumped up in the department as a justification for his dismissal, and having seen the minister make the display of himself that is involved in such conduct, can any hon. member of the committee say that the minister showed any very great sense of fair treatment or fair play in the case of Dr. Torrance? If we talked in this chamber for a week I do not suppose we could change the situation now.

Some hon. MEMBERS: Hear, hear.

Mr. GUTHRIE: And I am sorry to hear hon. members to my left say "hear, hear," because I was appealing to them in this case on the ground of ordinary fair play and just treatment. I do not think I can move the minister in this matter. From what the Prime Minister (Mr. Mackenzie King) has said, I do not think the government would be inclined to be moved, but this incident will remain a blot and a stigma on the record of this minister, so far as the Civil Service of this country is concerned.

Mr. MOTHERWELL: If I were to remain silent after all these scoldings I am getting, it would be taken for granted that I have nothing to say, and that I was in some way assenting to what was being said. I will only refer to the last scold which has been administered; and for an hon. member of my hon. friend's recognized parts, it was not becoming of him. He tried to do his best but he made a mighty poor job of it.

Now it has been stated that Duncan Marshall was in the pay of the government. Let me correct that. He has not been in the pay of the government since the 1st of January this year, and I know that my hon. friend would not want to make a statement of that kind if it were not correct.

Mr. GUTHRIE: It was claimed that he was illegally paid part of the time by the government.

Mr. MOTHERWELL: He is not in the employ of the government and has not been in the pay of the government since the 1st of January last. Please do not repeat that statement.

Mr. MEIGHEN: He is in the pay of the party.

Mr. MOTHERWELL: My hon. friend knows more about that than I do.

Mr. MEIGHEN: I think I do.

Mr. MOTHERWELL: While I am on that point I may say that my hon. friend made all the ado about the fact that neither Duncan Marshall nor Mr. Grisdale were veterinaries. A gentleman from this province, a very prominent and active man, went over at the same time as the hon. member for Victoria (Mr. Tolmie)—I think the same year—and Duncan Marshall was over that year before he was in the employ of the government. I think it was in 1920. Three prominent gentlemen went over in 1920 and all did good work. The hon. member for Victoria City was the only one of the three who was a veterinary. Duncan Marshall and Hon. Manning Doherty went over. Was Manning Doherty a veterinary?

Some hon. MEMBERS: No.

Mr. MOTHERWELL: Was he not active in connection with the matter of this embargo? If there were a hundred veterinaries over there would they have done any better than these men did? These gentlemen brought back the goods with the removal of the embargo. If a whole army of Canadian veterinaries had been sent over there they could not have accomplished more than was accomplished. What is the use of all this childish nonsense and prattle about not being veterinaries? I am not going to get cross, because I never felt less like it, but I want my hon. friend to have some regard for this House and to have a little regard for Dr. Torrance, because I certainly tried to help him, and I did not carry all over the country the fact that he was dismissed. That was left to hon. members who were supposed to be his friends.

In reply to the hon. member for South Wellington (Mr. Guthrie), I say that in all my political career I cannot recall dismissing more than four men in my life. I would just as soon take the head off a chicken or kill a lamb, and anybody who has ever killed a lamb knows what a disagreeable task it is, if you have a heart at all. Out of four men whom I dismissed two were Liberals and two Conservatives, so far as I could tell their political persuasion, and I could tell that generally. The fact that in twenty years' experience I only had occasion to dismiss four men does not indicate on my part bloodthirstiness for the head of anybody. All this talk about the gentlemen we sent over to England not being veterinaries and not being qualified is just so much piffle. The men who did such good work over there were not veterinaries. One was Manning Doherty, another Duncan Marshall, and the third was Dr. Grisdale. The hon. member for Victoria City, who is an eminent veterinary, did noble work over there in connection with the matter but it was not on account of his being a veterinary.

Mr. MANION: I have sat and listened for nearly two full days to the discussion of this question, and I have done so without any knowledge of the gentleman who has been dismissed. So far as I know I have never seen him; but nobody with a fair mind could listen to this discussion, listen to statements first made by the minister and then retracted by him or partially retracted—I will admit the minister shakes his head, but they were disproven and he should have retracted them—general statements made and then disproven by statements such as the letter from Dr. Mohler, and come to any other conclusion than that Dr. Torrance had disgraceful and unfair treatment meted out to him. I do not believe there are any two ways about the matter, and nobody on either side of the House could come to any other conclusion.

The minister to-night threw overboard practically all the statements that he made the other day.

Mr. MOTHERWELL: No.

Mr. MANION: Two or three days ago he based his dismissal partly upon the letter which he used to-night, but to a great extent upon that anonymous letter which he read and also upon the fact that in this letter to Dr. Mohler, Dr. Torrance introduced politics. He threw practically all of that overboard to-night and depended altogether upon the letter which he says Dr. Torrance wrote to Dr. Mohler. I know something of scientific training, and if there is one branch of social life which is international, it is science. For example, in my profession, it is permitted to me to visit practically any clinic in the world. I have visited most of the good ones, and I am welcome and so is any other doctor at any of those clinics. Just in the same way when Dr. Torrance wanted advice on a question of this kind, he discussed the matter with one of the ablest men on the continent.

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In other words he wrote, and at the instance of the minister himself, to Dr. Mohler for advice. In doing that he was doing what any

professional man would do who wanted to be safe in his actions in future in regard to the cattle embargo. Then the minister points out, and truly, that in that letter the word "political" appears. Supposing we admit for a moment, for the sake of argument, that the word "political" should not have come in; that in no way should Dr. Torrance have mentioned the political side of the question at all. After seventeen years more or less of continuous service for the government—

Mr. MOTHERWELL: Twelve.

Mr. MANION: It would appear to any fair-minded person that the minister should have taken Dr. Torrance aside, reprimanded him for this indiscretion. if he so considered it, and given him another chance. But he brought him into his office and summarily dismissed him. In view of that.—in view of the fact that a very short time after his dismissal from the government service, he was given a position as professor in the Agricultural College at Guelph, a circumstance which shows his ability, his scientific knowledge and that he was not a man who need be out of a position of some kind, and in view of the very lame defence for his action which the minister has put up, not only should this House consider this a most unfair piece of treatment to any Britisher, but the whole country will consider it a most unfair piece of treatment to any servant of this government.

Mr. CARRUTHERS: I should like to take exception to a few of the high-sounding phrases of the hon. member for South Wellington (Mr. Guthrie) on behalf of his new found friend across the way. I notice he states that this he considers is the most autocratic and high-handed action that has ever been taken by any government in the history of Canada. I stand here to-night as a living example of a more autocratic dismissal. For nine years I was in a government position having to do with the Indians under the Laurier government. After the election of 1911 I received just twenty-six days' notice. On the 6th March I received the letter stating that my services would be no longer required at the end of that month. I did not whine; I did not whimper. I asked no friend of mine to get up in this House and whine and whimper on my behalf, and I think it ill-becomes our friends on the opposite side to waste the time of the House in staging these crocodile tears on behalf of this man. There is evidence enough to dismiss any man, and the minister would not have done his duty if he had not dismissed that gentleman. I may say that I did not get two months' wages in advance when I was dismissed by my hon. friends opposite. Before I sit down I should like to mention another case. My neighbour held a position in a lighthouse in my town. The poor fellow, a few years prior, had both his legs amputated just below the knee, but that did not save him under the government of my hon. friends opposite. He also was dismissed summarily without any investigation and without any extra two months' pay.

Mr. GAUVREAU: Shame.

Mr. CARRUTHERS: I ask the hon. member for South Wellington if he considers this case the most autocratic, high-handed of any government in Canada.

Mr. MEIGHEN: I do not know that the question at issue has received much illumination from the speech of the hon. member (Mr. Carruthers). The hon. member (Mr. Gauvreau) in front of him agrees that nothing but confusion and darkness have come from his lips. What his case has to do with this one, I do not know. I presume there are two sides to it. If however, we are to review every case in connection with this, we shall not get through much this session. I suppose cases by the hundreds could be brought forward, but we are now dealing with Dr. Torrance's case. The facts very briefly are that on the basis of a letter which for one day was supplemented by a ridiculous, buffoon recital of a great deal of unauthorised twaddle, by which the minister contrived to get stuff on Hansard without authority, promising himself to be his authority but subsequently failing, the minister has dared to stand in parliament and defend his conduct as related to Dr. Torrance. The letter in question is as straight-forward, as clear a letter in purpose, motive and language, as any official ever wrote. The letter itself was written and its line dictated, not its wording, by the minister himself. Inquiry had to be made at Washington as to what, in the event of a certain course being found necessary here, would be the attitude of the Washington authorities in relation thereto. It was essential for anyone writing such a letter to explain in such brief terms as would effect the purpose, just how it might be that this course would have to be taken, and Dr. Torrance explained it in the manliest, fairest and truest language. For the life of me I do not know how he would have explained it otherwise. In his letter of explanation in the basis that he laid, he cast no reflection on his chief, no reflection on his government, and none but a mind diseased could read any reflection into the letter.

The only reasons that might impel the government here to take the course which the minister had in mind would be reasons brought about by pressure—perfectly legitimate pressure—in order perhaps to gain some other quite sufficient ends. That is political pressure. There is no other word I know to describe it. It is not wrongful political pressure; it is rightful politicial pressure; and I say none but a mind diseased could dream that Dr. Torrance meant party political pressure because there is no way of imagining that any party political pressure could be brought to bear at all. Consequently on the basis of the letter the minister has nothing but a flimsy excuse that does not appeal to the mind of anybody in this House, I care not whether he is a fair-minded Liberal on the other side or a prejudiced Liberal on this—and I thus refer to hon. gentlemen because they receive with laughs of derision references to as cruel and brutal a case of dismissal as ever came before parliament, a dismissal of a man whose merits in his profession and the public service they know just as well as we; nor has one of them risen in this House to protest against this conduct that smells throughout the length and breadth of Canada, and has never yet received—

Mr. SPEAKMAN: We have never received an opportunity yet.

Mr. MEIGHEN: They usually get an opportunity when they want to speak; I have never known it to fail yet,—and has never yet received defence at the hands of any newspaper, however partisan that paper might be, that I have read. This is the position the minister is in. If it is acceptable to themselves, all right; if it appeals to their sense of fair play, all right; if they think it is just to the Civil Service of Canada, well and good, they take the responsibility of their position.

I will not refer at any length to-night to what I described as the rubbish read by the minister some few nights ago. He has tried to get away from it to-night, and wisely so. He charged Dr. Torrance on his own responsibility, although he put it only in the language that he "believed" some idle, silly gossip about Dr. Torrance issuing prescriptions to members of parliament. He considers that a grave offence. He says that if any other of his officials do it they will go too, he will part company with them—dissolve partnership. I put it to the minister right now,—if it is shown to him that members of his own government did so will he part company and dissolve partnership with them?

Mr. MOTHERWELL: I am not dealing with hypothetical cases.

Mr. MEIGHEN: But he was when he was here the other night.

Mr. MOTHERWELL: Oh no.

Mr. MEIGHEN: Oh yes, he was. He said: Show me any other of my officials who have done this and I will part company with them.

Mr. MOTHERWELL: We will wait until it occurs.

Mr. MEIGHEN: To-night when it comes before him he will not answer. Nor could he establish this as respects Dr. Torrance. It is denied by Dr. Torrance, but the minister did not give him a chance to deny it. He pretended that it influenced him, but he never had the manliness to present it to Dr. Torrance's attention. Is not that his position?

What is his position as respects other matters? A lot of frivolous gossip about what he said he had heard from Dr. Mohler at Washington—gossip which he never heard from Dr. Mohler or through him directly or indirectly, gossip for which Dr. Mohler disclaims absolutely either responsibility or sympathy. Then the minister makes the further statement that this had injured the reputation of his department amongst the officials at Washington. All disproved by the letter from Dr. Mohler read to-night that none of those officials knew about the lettter because he respected the confidential character surrounding it.

And all this is supposed to be right, all this is supposed to be honourable treatment of the service of this Dominion, honourable treatment of a man who, devoting the best years of his life to the public service, reaches an age where men cannot start again, is thrown out, and the minister says: "I did not do him any hurt because I did not tell many people about him." The injury to Dr. Torrance was the dismissal, the injury was to his reputation, to his prestige, to his respect through the length and breadth of Canada—yea, wherever he is known throughout the world. The act of the minister certainly was known, certainly was sounded, and Dr. Torrance suffered thereby, suffered for something not only for which he was not guilty, but a great part of which the minister had not even the manliness to lay before his face.

The CHAIRMAN (Mr. Marcil, Bonaventure): Shall the item carry?

Sir HENRY DRAYTON: Mr. Chairman, before the item carries I desire to make one or two observations in connection with this case, because I do not want to see it left where it is as a matter of fairness either to the government or to the minister. In the first instance, I wonder if the government thinks it

is doing itself justice if it allows this case to go as a precedent for the manner in which civil servants are to be treated by it, whether it thinks that if it persists in this line of treatment it will be possible to get proper men to enter the service. I do not believe the government really thinks so; I am sure it does not. But it will be thought that that is its attitude if this case is allowed to go through just as it now is.

Let us see how another very important question comes up here, Mr. Chairman. The letter which was written in October at the request of the minister is acted on in July of the following year—nine months afterwards. Of course, a reason for dismissal that is eight or nine months old is pretty hard reason to substantiate. What is done? A memorandum is prepared which is used by the minister for purposes of corroboration when this case comes up. The memorandum is anonymous. He produced it from his official file. The minister shakes his head. He used it here.

Mr. MOTHERWELL: Yes.

Sir HENRY DRAYTON: He would not tell us whose memorandum it was. I am now going to talk to the Minister of Justice (Mr. Lapointe) for one or two minutes. There is a crime which is known under the name of fabrication of evidence. This is a statutory offence. Evidence has here been fabricated, as is shown by the action of the minister in withdrawing it to-night, and is shown by the answer of everybody who was concerned by it. Let us go back and see what the fabrication is. It consists of an unsigned memorandum produced and used by a minister of the Crown.

Mr. CANNON: Order.

Sir HENRY DRAYTON: What is the point of order?

Mr. CANNON: I do not think, Mr. Chairman, it is fair for any member to say that a minister of the Crown has fabricated evidence.

Sir HENRY DRAYTON: I will read the section of the code which deals with it. I refer—

Mr. CANNON: The Criminal Code is altogether different.

The CHAIRMAN (Mr. Marcil, Bonaventure): I think the hon. member could use another word.

Sir HENRY DRAYTON: I am making a case and bringing it within the code. I am not saying who fabricated the evidence.

Mr. CANNON: Order.

[Sir Henry Drayton.]

Sir HENRY DRAYTON: I am speaking to the point of order.

Mr. CANNON: I hope you do.

Sir HENRY DRAYTON: I will try to if the hon. gentleman will allow me. What I am pointing out is simply this: That we have an unsigned memorandum which the discussion to-night shows to be false.

Mr. CANNON: Order.

Sir HENRY DRAYTON: If it be false it is fabricated within the meaning of the section.

The CHAIRMAN (Mr. Marcil, Bonaventure): The hon. member has no right to say that it was fabricated by the minister.

Sir HENRY DRAYTON: I did not say so. I never said it was fabricated by the minister.

Mr. CARROLL: Innuendo.

Sir HENRY DRAYTON: Hon. gentlemen are very sensitive. But the proper thing to do if we have this amount of sensitiveness is to inquire how it is possible for a memorandum of this kind which, to-night at least, is not used, although persisted in before, which is completely discredited—how it is possible for statements of that kind to get into the hands of the minister and be used in parliament. My hon. friend is sensitive on this question; I think he would rather want to support—

Mr. CARROLL: I rather agree with my hon. friend, but I do not believe in saying that a member of this House has practically committed perjury or has been accessory to perjury. I think the Chairman should make my hon. friend withdraw that.

Sir HENRY DRAYTON: I have not said that. My hon. friend does not follow me. Here we have a paper used in this high court of parliament, a paper which has been proved to be false, a paper—

Mr. CANNON: Proved by whom to be false?

Sir HENRY DRAYTON: My hon. friend has not been in the chamber all the time; he came in only a short time ago. We have had evidence, we have had statements and we have had letters. I do not think any hon. gentleman believes it is not false. At any rate the minister himself, although he relied upon it when this matter was first up, is not relying upon it to-night. Now I want the hon. member to follow me, because I think he is sensitive of the honour of the House and

of the decency of parliament. Is it not a matter affecting both honour and decency to have produced by a minister of the Crown a statement which is apparently false, a statement which the minister now does not rely upon, although it was relied upon when this matter was first considered?

Mr. CARROLL: He may have been misled.

Sir HENRY DRAYTON: I am not saying he was not misled. But somebody prepared that statement. I am not saying the minister prepared it, but the House ought to know. What is the position of the government? What is the position of the minister? I am not saying for one minute that the Minister of Agriculture prepared this statement; in fact, he said he did not, and I take his word for it. We tried to find out who prepared it but we could not. A false statement, which, as I say, I am not charging the minister with, is made use of in this House by the minister. What is the attitude of the government in connection with that? Is it a matter which should be allowed to drop, or ought we to find out whether the minister himself has been entirely misled in this whole matter, perhaps by people in his own office? That memorandum had to be prepared by somebody in that office, by somebody in that department, by somebody interested more or less in getting rid of Dr. Torrance. That is the position I point out to the Minister of Justice (Mr. Lapointe) that under section 177 this is made an offence. My hon. friend may say: Well, that is only for court procedure. But the authorities do not say so. The authorities show that there need be no court procedure at all. The section applies to an arbitration; it certainly ought to apply to this House, unless my hon. friend takes the position that the honour and dignity of parliament are beneath even those of an arbitration board. Now I am going to refer him to the authorities. He will find the authorities collected in Crankshaw at page 186, and reading those authorities he will find it is not necessary that the falsification of evidence take place before a court or in a pending proceeding, but that the crime may be proved in connection with a case which although pending never comes to trial. Mr. Chairman, this matter is entirely a matter for the government. They have two large questions to consider. The first is whether they can imagine for one minute they are doing anything like justice to the civil servants of this country by establishing a precedent like this. The second question is whether a premium is to be placed upon the introduction of anonymous, false and misleading statements in this House.

Mr. TOLMIE: I want to say a word or two with regard to what the minister has said concerning the removal of the cattle embargo and his taking credit for that, for himself and his department since he took office. I do not want to reflect on what any one has done in the past in connection with this matter. I quite agree that a number of people from this side took an active part in the removal of the embargo.

Mr. CANNON: Does the ex-minister assume responsibility for what the late government did in my county as far as cattle are concerned?

Mr. TOLMIE: I have had one or two arguments before with regard to the distribution of bulls in Dorchester county. Briefly, the removal of the cattle embargo had its foundation in a promise given to Sir Robert Borden in 1917. This was followed by the Embargo Commission which sat and considered the whole situation. While that commission was still sitting, Sir Arthur Boscawen, then the British Minister of Agriculture, promised that if the decision given by that commission was favourable to Canada, legislation would be brought down immediately to cover the situation and to permit Canadian cattle to enter Great Britain. There was some delay in that connection, and the next thing following upon the passing of the legislation by the British government was the matter of agreeing upon the regulations. I quite agree that the deputy minister should have been one of the delegates to go over and arrange for these regulations. That is only natural, because he is a man of ability, a man whom everybody interested in agriculture in this country respects. However, when it comes to selecting a second man I believe a member of the Health of Animals Branch—Dr. Torrance, Dr. Hilton or some other capable man in that branch—should have accompanied Dr. Grisdale over there to assist in the formulating of the regulations, taking with them their expert knowledge of such matters, including the carrying out of the regulations, our regulations with the United States, and other subjects that would crop up in the discussion. They are the people who have to administer the regulations when they are accepted, and I should think they would know more about the preparation of them than a gentleman like Duncan Marshall, who, though a good man, is not familiar with and never had an opportunity to get familiar with these regulations.

I would like to know if the minister considers it necessary to adopt more stringent regulations for the shipment of horses to British Columbia from Tia Juana, Mexico, than are necessary in the case of a shipment of horses from the same point to points in eastern Canada, and more severe and stringent regulations than are imposed against those horses shipped from the same points to other points east in the United States; and if so, why?

Mr. MOTHERWELL: My hon. friend's question is somewhat involved, but I think it means this: Are the regulations more stringent against horses coming from Tia Juana, Mexico, to western Canada than to eastern Canada? Is that it?

Mr. TOLMIE: Yes.

Mr. MOTHERWELL: Some horses were brought to eastern Canada before the regulations were put into force, but the regulations are now the same all over Canada, east and west. I might say that the whole of British Columbia, especially the Department of Agriculture and the premier of the province, all the live stock associations, dairy associations, and fruit growers' associations, have been flooding me with telegrams asking me to keep out Mexican horses. They could not get to Canada without passing through that county in California, a desert, if you like, of thirty-five miles, that is infected with the foot-and-mouth disease. I was deluged also with telegrams from the race-track men and others interested in that sport in British Columbia to let these Mexican horses come through, and some of them were California horses; they asked us to violate our own regulations only a day or two after they had been laid down, in order to let these horses pass through that county in California infected with the foot-and-mouth disease. I could not do that.

Mr. TOLMIE: With regard to the shipment of these horses, I would point out that the regulations are unnecessarily severe. I do not see why the minister should take the opinion of British Columbia fruit growers in preference to the opinion of his own veterinarians in that connection. I would have thought they were the people most familiar with the pathology of foot-and-mouth disease, and with what regulations were necessary to prevent it getting across into Canada. If the minister was not satisfied with their particular knowledge, he could have looked to the United States to see what they were doing. Surely the regulations adopted over there, permitting the horses to be shipped east from Tia Juana are quite rigid and effective enough to prevent the entrance of the disease into those states, and would be just as good to prevent the disease getting into British Columbia through the shipment of horses. I wish particularly to call attention to what the United States is doing in this regard. I have here a letter from Dr. Mohler, who is chief of the Bureau of Animal Industry, Washington, dated May 20, 1924, so it is only a day or two old:

> Dear Mr. TOLMIE,—I have the honour to acknowledge receipt of your letter of May 17 requesting information concerning the precautions that are being taken in connection with the shipment of race horses from Tia Juana, Mexico, through the State of California.
>
> This season we have made arrangements to have our inspector who is stationed at San Diego, California, inspect these animals on the Mexican side of the border, and they are being loaded on the cars before crossing to this side. Such animals are permitted movement through non-infected sections of California without any restriction so far as this Bureau is concerned. In fact, our regulations, copies inclosed, issued in connection with the outbreak of foot-and-mouth disease do not cover horses except that such animals cannot be moved from infected premises. A number of the States, however, will not admit any kind of livestock that originates in or passes through California. A few of the States that have very drastic regulations in this respect are Arizona, New Mexico and Texas.
>
> Very truly yours,
>
> J. R. MOHLER,
> Chief of Bureau Animal Industry.

That would indicate that in keeping out these horses from British Columbia the minister adopted even more severe regulations than were imposed by the Bureau of Animal Industry at Washington. These men in British Columbia, I understand, offered to ship these horses out through that corner of California that is not infected with the foot-and-mouth disease, over east to Omaha, up north to Moose Jaw, and then back over the mountains to British Columbia. As a stock owner and a stock breeder in British Columbia I would be one of the last to ask for any relaxing of the regulations that would endanger the health of animals in that province. I might point out that in 1914-15, when you had 22 states infected across the line, and two or three right on the Canadian border, horses were allowed to enter Canada from the United States from non-infected areas, and not one single case of foot-and-mouth disease got across the line. These men in British Columbia have invested large sums of money in race tracks, and they were good enough to wire me to get the regulations for them from the Health of Animals Branch of the Department of Agriculture. I applied there, and I received information to the

effect that all that was necessary was to clean the horses' feet as they crossed the boundary line, and have them disinfected under the supervision of an inspector, and that would be all the restrictions that would be placed on them. I wired this information out to these people on the Pacific coast and they went ahead with their arrangements, only to be surprised a few days later by the information that no horses would be allowed to pass through under any conditions whatsoever. I have no interest in race tracks myself; I do not own a race horse or a share in any race track. I was applied to by my constituents, and I got the information only to find out a few days later that the regulations had been changed, and had been made even more severe than those imposed by the Bureau of Animal Industry at Washington under similar circumstances.

Mr. MOTHERWELL: The recital given by my hon. friend is substantially correct, but I think he left the impression that I was not taking the advice of my veterinary staff when these regulations were made preventing the shipment of Mexican horses to Canada.

Mr. TOLMIE: You quoted fruit growers; you did not quote your own staff.

Mr. MOTHERWELL: Am I to understand that some of my staff have advised that these horses be let in?

Mr. TOLMIE: I was two years minister myself.

Mr. MOTHERWELL: I think my hon. friend is a little bit unfair. He tried to leave the impression that I did not consult some of my staff, and that I was prejudiced because these were race horses. I called in Dr. Hilton and Dr. Grisdale, and we were unanimous with regard to the policy that was adopted, and that policy met the approval of every important body on the Pacific coast, except the race horse men. It was an invidious position for me to be in because I had to appear as being unfriendly to racing institutions. As far as the fruit growers are concerned, their alarm was due to the fact that if they got foot-and-mouth disease into British Columbia it would practically ruin their export business, just as it has pretty nearly paralyzed that business in California to-day. I am astonished at my hon. friend. It was what I had learned before I came here of the strictures and severity of the Health of Animals Branch, and my desire not to slacken up on them, but to keep them up to the same high-water mark, that led me to make this decision. In other words I absorbed my ideas from my hon. friend himself.

Mr. CARROLL: A bad source.

Mr. MOTHERWELL: I do not know. I think it was a good source in this particular, and I think if my hon. friend had been in my shoes at the time his decision would have been identical with my own because there is this difference: I have the responsibility of doing everything that is humanly possible to keep out this foot and mouth disease. I have just received a number of photographs from California. I do not know whether they are ready yet or not but they present the most terrible pictures that I think I ever saw. There are great, long trenches, apparently much longer than these buildings, dug out to a depth of six or eight feet. The poor cattle are crowded in there just as thick as they can stand with men on either side shooting them down, then covering them up with lime, and steam shovels afterwards piling earth over them. There is one picture after another. Another series deals with hogs, and a third with sheep, all the animals showing signs of the disease with the saliva exuding from mouth and tongue. Now, to take the chance of admitting these horses from Mexico, and possibly permitting disease to enter with them, is something I could not take the responsibility for.

Mr. TOLMIE: I quite agree that the picture my hon. friend has drawn is a very horrible one, but why are regulations more necessary here than are required by the Bureau of Animal Industry in the states to the east? Dr. Mohler states there are no federal restrictions on horses. If it is safe to ship a carload of horses to the Woodbine track why would it not be safe to ship them to British Columbia? That is all I was asking for. I am not asking for any relaxation in the regulations at all. If I thought you were being asked to bring in horses from infected districts I would be just as strongly in favour of restrictions as my hon. friend. That is my point of view. I want to know why regulations are more necessary and more severe now than they were ten years ago, when we allowed horses to come in simply on inspection at the boundary line, a practice which was most successful and which did not result in the introduction of a single case of disease. The portion of California traversed by Tia Juana race-horses on their way east is not an infected area; there is no foot and mouth disease within a hundred miles. Seeing that American horses are freely shipped across this territory why not Canadian?

Mr. MOTHERWELL: The answer to that is that they have got the disease and we have

not, and as long as we have not it is necessary to have more stringent regulations. Why should Great Britain be more severe in her regulations? Because she has got the disease. The United States has also got it. Now, in order to make sure that we shall not have the disease we have to take these precautions and enforce these regulations. It would be very unfortunate for us if it were to break out in this country. It is just like a farm with weeds. If you have got a clean farm you are mighty particular about it, but if it is dirty you say "What is the use of going to a lot of expense for clean seed." We must take no chances.

Mr. McBRIDE: I think the minister is to be congratulated on the stand he has taken in keeping these horses out. We in British Columbia can well afford to let these animals stay at home as well as those that come with them; to act otherwise will not do British Columbia any good. I am speaking as a cattle man, as a man that owns a large number of cattle. I think if my hon. friend from Victoria (Mr. Tolmie) had the same interest in the cattle business that I have he would not be so lenient in the matter of getting horses into British Columbia. Some years ago a number of cattle were imported from the United States and they brought the "black leg" with them, something that had never been known in our district before. I venture to say that disease has cost the cattle men of the interior of British Columbia a sum running up into millions of dollars. I have known over three hundred calves on one range to die from that disease in one season. We in British Columbia cannot afford to take any chances of allowing any live stock to be brought into British Columbia that would cause infection. I have received repeated telegrams and letters from the stockmen in that province asking me to bring every pressure possible to bear on the minister and the government in order to stop any importations of this kind. As I have already said we shall not suffer any disadvantage by excluding these race-horses.

Mr. LEADER: As this is one of the most important subjects that parliament will have to deal with I would suggest to the minister that he leave the further consideration of this item over for another day.

Some hon. MEMBERS: No.

Mr. LEADER: Personally I do not desire to speak at any great length but there are other hon. members in this section of the chamber who wish to express their views in more detail.

[Mr. Motherwell.]

Some hon. MEMBERS: Speak now.

Mr. LEADER: If hon. gentlemen opposite are willing to sit here a little longer I am quite agreeable. I am sorry that such an important item as this will not receive the consideration it merits. Two sittings of the House have been taken up and there has been no discussion of the vote for the Health of Animals branch at all. We have been engaged in a political squabble to which no contribution has been made from hon. members in this corner. I congratulate my colleagues upon having the good sense to keep out of discussions of that kind.

With reference to Dr. Torrance my personal opinion is that he was a splendid man for the job. I am personally acquainted with him and I believe he was a very efficient officer. As regards his dismissal I have nothing to say. If he did not suit his superior officer perhaps that was sufficient to justify his being let go, but it should be allowed to remain at that. There is no use crying over spilled milk. I congratulate the minister upon the gentleman who has been appointed to take his place. In Dr. Hilton I believe we have one of the best men it is possible to procure. There is good reason why Dr. Hilton is such an efficient officer: He received his early training in the city of Portage la Prairie from which many good men have come. That is one reason I am glad Dr. Hilton has been appointed to this position.

I notice that the vote has been reduced this year by $250,000. I want to ask the minister why the reduction has been made. This is a very important question among my people at home. There are certain regulations in regard to the accredited herd plan, and here I want to state that the inauguration of this system was one of the finest steps ever taken by any government. I desire to give full credit to the ex-Minister of Agriculture (Mr. Tolmie) who was mainly responsible for the enactment of that legislation. There is a regulation I think that calls for ten pure breds before one can come under the application of the accredited herd plan. The department last year limited that to five but the fact is not generally known. Of course there is a reason for that. The government know that if the fact was widely understood they would simply be swamped with applications and they have not the money to take care of the expenditure that all such demands would involve. This is a very unfortunate situation and one that requires the careful attention of the government.

I also want to know if there are any applications in for restricted area work and if the government is in a position to take care of any

applications that may come in in connection with that phase of the operations.

Mr. MOTHERWELL: I have to thank my hon. friend for really getting at this late hour, and for the first time at the purpose of the vote. We have had to pay attention to hon. gentlemen opposite who have monopolized all the time, but I would not like the sitting to close without answering the questions my hon. friend has asked. The first question he asked was why the amount of the vote has been reduced. It only appears to be reduced as far as our activities are concerned, and the explanation is this: In the first place the vote had to take care of $150,000 or $250,000 of accounts of the year before. My hon. friend will remember in the supplementary estimates last year we brought down three-quarters of a million of dollars, and as a result of that we were able to pay up all the outstanding accounts that had been accumulating from year to year ever since I had the honour to take charge of the department. We are starting the new fiscal year with the accounts all cleaned up, and we will not have to spend $150,000 for that purpose. In addition to that we have seventy-five to one hundred thousand dollars more than is necessary—that is there is that much left over of what was voted. Consequently we can make a reduction of $250,000 in the total vote and still take care of fully just as much work as last year. The estimated number of additional herds is 1,500. We have now 2,800. We can do as much work with that vote as with the larger one for the reasons I have enumerated.

I think the next point was about having pure-bred herds of ten before we would deal with them under the accredited herd plan. The matter has been brought up twice during the last two years, and I think very properly. There are many arguments to support the proposition that the herds should be as small as possible. What is the use of letting a beginner run his herd up to a large number and then discover they are all polluted with tuberculosis? Better take them when they are small, and if any are lost through tuberculosis the loss will be smaller accordingly. Notwithstanding that obvious fact, we decided to take on herds of five instead of ten, and we are going to see how it works out. The number of reactors in the second test has been considerably less this year, and if they keep on decreasing in that way we believe the extra amount required for the larger number of herds will be more than offset by the smaller number of reactions in the second test. We have to-day, I understand, nearly a thousand accredited herds. That was very noticeable in Manitoba after the restricted area was established in that province and everything cleaned up. The second test showed a little bit less than one per cent of reactions six months after the first test. As a matter of fact we are not concealing it, and if my hon. friend can find two neighbours out in his district or near it where one man has three pure-breds and another two pure-breds contiguous to each other we will test them, so long as it does not entail a lot more expense in travelling. You cannot take a smaller number than two. One animal is not a herd.

Then my hon. friend mentioned the question of the restricted area. In Manitoba we established a restricted area at the request of the Department of Agriculture of that province. That is the only one we have undertaken yet. We have two or three applications from the province of Quebec and one from Saskatchewan, I understand. When Mr. Evans the Deputy Minister of Agriculture came to us I told him we were not prepared to start out on the policy of restricted areas because we had not the money to do it. I was in hopes we would be able to work out some policy in connection with the provinces and the municipalities whereby the federal government, the provincial governments and the municipal authorities could combine all their revenues for this purpose and clean up by means of restricted areas. But the provinces are all pretty hard up, and I am sure that the municipalities are in the same position, and I do not see any hope of getting asistance from this direction; but we wanted some information. We established one area and got the information as to the cost and the percentage of reactors on the first test and on the second test. This information has been most valuable to us, because while we have not established any more restricted areas, we are at the stage of introducing the restricted area round the cities where they want a pure milk supply, in view of the municipal order that exists. We will take Saskatoon for example; under the old municipal order, those who supplied milk to Saskatoon had to have their cattle all tested or the milk had to be pasteurized. That scattered these herds all over creation, maybe a hundred miles away, and the result was, the intervening herds not being tested, it was impossible to keep down the infection. Then we found on adjacent farms cows jumping over the fence or fooling with each other through the fence. Instead of having that condition in future, we hope to lay down a restricted area and clean up the milk entirely, as we did in Manitoba, and avoid re-infection such as has occurred in the past. We

have not any established as yet. The people do not understand yet what it means. In the province of Quebec we hope to get one started at Huntingdon, the great dairy district where it is nearly all cleaned up now. They have a lot of splendid herds there; they thought they might as well clean the whole thing up, and they have applied for it. They have two splendid natural boundaries, two rivers, and the American boundary on the other side, a sort of triangle, with two or three towns in it, and we are going to establish a restricted area there. It is in the course of formation, we cannot say yet it is established.

The only restricted area which is established is in Manitoba; but I am in hopes the principle will be adopted as the proper one in connection with the cities which desire a clean milk supply. I think the cities themselves should meet us in this expenditure, and that they should have compulsory pasteurization of milk in their respective districts. It may seem ridiculous to be spending all this money on account of the cattle and of the public health; but at the same time cities will take very little pains in most instances in regard to seeing that their milk supply has been pasteurized. It is a matter of education. Ten years ago you could not get them to touch this propostion, even if no expense were attached to it. To-day they are applying rapidly, and we hope to apply in the future the restricted area to those cities and urban centres desirous of having a pure milk supply.

Mr. LEADER: I am glad that the minister has explained that the government is prepared to take up the extension of this work where five pure breds are required instead of ten. I knew in a casual way that that was the policy of the government, but I also knew that the people in general did not know it, but after this discussion to-night it will be generally known, and I think that many applications will be sent to the government resulting from this knowledge.

In regard to the restricted areas, while we do not want to butt in on anything going to Quebec, we have one of these areas in Manitoba, and I know that the people of my county are desirous of going into it. I believe that 75 per cent of the cattle are under the test, and it will be an easy matter to get the district surrounding Portage la Prairie to come into this area.

The minister makes reference to the provincial governments, and suggests that the municipalities might co-operate with the government in the work. That will have to come, if we are going to have efficient work done such as they have in the United States, where compensation is paid only where the state government will pay part of the amount and the municipalities will contribute also. I believe we should all become interested in this work, if we are going to carry on an aggressive campaign.

I am sorry that I have to impose a few more remarks upon the committee, but if I know anything about anything I know something about this matter. I have stated before in this House that mine was the first application from western Canada in regard to the accredited herd plan. I had only one reactor, and in the course of time I got my certificate, and I have a story to tell in that regard, but I will deal with that later. Last year I mentioned to the minister that, in view of the fact that this government was spending millions of dollars to take care of the work, we should use every precaution against contamination. I suggested that where the Dominion government gives grants to fair boards they should insist that all cattle that come on the fair ground should be tested for tuberculosis. The minister thought it was a suggestion that was worthy of consideration. I felt inclined to bring a resolution into the House this year and have a debate on it and a vote of this House taken to see whether that should be the law of our land. Last fall I wrote to the secretaries of nearly all the large fairs in Canada, especially western Canada, to get their views on this important matter. They practically all wrote back telling me that this was a step in the right direction, but that they believed that we had not yet reached a stage where it would be wise to attempt legislation of that kind. I also wrote to the minister, and he will remember that he replied stating that he believed this was coming, but that the step was too radical at present. I also wrote to Dr. Mohler, chief of the Bureau of Animal Industry in the United States and asked him if they had any federal legislation similar to what I suggested. He replied that there was no federal legislation, but that many of the state fairs and some of the county fairs had already insisted and required that all cattle entering on their fair ground must be subjected to the test. I think some of the Canadian fair boards will take this matter up even ahead of the government if they do not step a little faster. I do not believe it will work much of a hardship if all cattle entering fair grounds must first be subjected to the test. In the restricted area in the Carman district they put on a fine agricultural show and all cattle exhibited must be tested; this was the case last year. Then we went on to Portage la Prairie where we did not

require that the cattle be tested; but knowing the advisability of taking care of accredited cattle, I feel satisfied that Portage la Prairie would suffer no hardship if all cattle entering the fair ground were tested. I believe this would not work any hardship upon the cattle industry at all because they are so nearly all tested there that the others would very soon find a way of getting their cattle tested.

Speaking further relative to contamination at fairs, last year I remember reading where, in the Jersey islands, tuberculosis was unknown until two or three years ago. They traced the contamination directly to a herd of Jersey cattle that had been taken over and exhibited on the continent. This opened their eyes to the danger and now they will not allow any more of their cattle to be exhibited on the continent or in the British Isles. That proves that if you keep your herds free from infection by coming into contact with the disease, it is possible to keep your cattle pure for hundreds of years. I might give a personal illustration. I said that my certificate had been taken away from me last year. The inspector came out to give me the annual test which the law calls for and one of my cattle reacted. She was a show cow, a cow that I had paid a thousand dollars for, and naturally I did not like to see her go down. They gave her the intradermal test and the ophthalmic test. They did not give her the subcutaneous test. They thought the two tests were sufficient, and the intradermal test was the only one to which she reacted. I followed her to Winnipeg;—we had her killed there, and we could find no lesions. I felt very sore over this, and if ever a man had occasion to be a little sceptical of this test, I had; but I had boosted for the accredited herd plan and I was game and took my loss. I think there should be some improvement in the law in this regard. This was a very valuable cow; she was a loss not only to me but to the whole Dominion. I said to the inspector: "What are you going to do about it?" He said: "I will have to ear-mark her; that is the only thing I can do." I said: "Call up Dr. Still and see what he will say about it." He said: "It will be no use, Harry; the law says 'once a reactor, always a reactor'; we will not be able to test her again." I said: "All right; go ahead and do your duty." In a case like this, we cannot afford to lose these cattle. Although she reacted, she did not have the disease, and in a case like this an owner should have the privilege of segregating a valuable animal and have the government retest it at the end of sixty days or ninety days, whatever the period might be. Then, if she does not react, he should have the privilege of admitting her to the herd again There is room for some improvement along that line and I just make the suggestion.

12 m.

Mr. MOTHERWELL: I should like to thank my hon. friend (Mr. Leader) for the suggestions he has made. We have never differed on this question since we met in this parliament, except on one point and that was the amount of indemnity and the advisability of reducing it. I think at this date my hon. friend will not disagree with me on the advisability at that time of reducing it and getting more value out of the money. I want to pay the hon. gentleman the tribute of saying that he has given us some valuable suggestions. Many of them we have carried out, and I think he should be satisfied with himself that he has made a real contribution to the improvement of this act and service.

With regard to exhibitions, I will just say a word. At all the exhibitions I visited recently I have found that the tested and untested cattle were kept quite separate, isolated, so that there would be no fear of contagion. In the Maritime provinces the tested cattle were in separate buildings altogether, so that we are doing all we can with regard to the question of contagion through the medium of exhibitions, consistently with not crippling the exhibitions. I do not think there is much contagion in that way now.

Mr. SUTHERLAND: The minister has touched upon restricted area as carrying out the accredited herd system. I believe there are only a few places so far where that has been adopted. How does that affect, for instance, the breeding of beef cattle? People engaged in that business usually purchase them at the stockyards and ship them into the districts where they reside. Would that be permissible in a restricted area? What are the regulations with regard to the matter?

Mr. MOTHERWELL: I do not know whether my hon. friend just came in or not.

Mr. SUTHERLAND: I heard the discussion.

Mr. MOTHERWELL: I do not need to repeat what I said about the restricted areas with regard to the numbers. No cattle of any kind are allowed to enter restricted areas without themselves being tested, or otherwise you would reinfect the whole area.

Mr. SUTHERLAND: Consequently the benefit would accure only to those engaged in dairying. This would really put a stop to the breeding of cattle for beef in those areas

It would be impossible to purchase on the market and ship in several carloads without having them subjected to the test.

Mr. MOTHERWELL: Indiscriminate shipment without testing is not allowed, but beef cattle, like any other cattle, can be tested.

Mr. SUTHERLAND: They would not be allowed into those areas without being tested?

Mr. MOTHERWELL: No. The restricted area in Manitoba is very proud of its area. It thinks the cattle inside that area are worth a great deal more than those in any other part of Manitoba, other things being equal, because of no infection being within that area. They are very careful to safeguard it and to avoid, in every possible way, reinfection.

Mr. SUTHERLAND: The cattle would not be any more valuable than the others, once they were shipped out on the market as beef, and it would prevent people from purchasing on the market short-feed cattle, for feeding for three, four or six months.

Mr. MOTHERWELL: They would not be more valuable as regards insurance because that is a flat rate by the packers, but if my hon. friend were buying beef, he would know that the risk of infection was reduced to the minimum.

Mr. BROWN: So far as the reports have come in, do the people of that district seem perfectly satisfied with what is being done?

Mr. MOTHERWELL: Yes, I have had quite a time trying to hold them down from extending the area all over Manitoba. Adjoining municipalities have been very strong in their desire to be attached to this area, and my only regret is that we have not enough money to give them the opportunity. The area, however, was large enough to give us the information we sought; while a larger area would have meant more extended service, it would not have given us any more information.

Mr. BROWN: Only part of that area is in my own constituency, and I have had but a limited opportunity of making personal inquiries from the men who were interested; I found they were all satisfied.

Mr. MOTHERWELL: Thank you.

Mr. WARD: If cattle are purchased in the stockyards for feeding in other restricted areas, are there facilities for testing them before they go out?

[Mr. Sutherland.]

Mr. MOTHERWELL: I understand they are tested, the facilities being such as are usually found around stockyards.

Mr. SUTHERLAND: The one test is not sufficient.

Mr. MOTHERWELL: It is sufficient to let them in, and they would come in with the rest for the second test.

Mr .SUTHERLAND: And the third?

Mr. TOLMIE: I have a few other questions in connection with the Health of Animals branch. Will the minister grant me the privilege of asking these questions under the live stock vote?

Mr. MOTHERWELL: Yes.

Mr. BRETHEN: There is a phase of this question which may be connected somewhat with the department of health, but I think it can be handled more effectively under this department. I am quite in agreement with the value of the work of this department, particularly the accredited herd system for the eradication of tuberculosis, and I think the officers should be congratulated upon the advance they have made in cleaning up the pure-bred herds. This system was only started in 1919, and it was 1922 before we had any tubercular free herds under it. In that year we had eighty-six herds, and on March 31, 1924, we had 908 herds free of tuberculosis, at an average cost of $318 for compensation.

There is a phase of this question which I believe is of very great importance, particularly as it deals with the health of our people. I refer to those grade herds that supply milk to our smaller urban centres. Some of these are tubercular free herds, but I believe 90 per cent of the milk from such herds goes to the larger cities, where it is pasteurized, and thereby rendered free from infection of tuberculosis. There was a time in the history of the country when some doubt was entertained as to the transmissibility of bovine tuberculosis to human beings, but today there is no question whatever in the minds of the best informed authorities in this and other countries as to the danger of infection, particularly of children, from milk derived from tubercular affected animals. In this connection I might quote from a bulletin on tuberculosis published by the Canadian Tuberculosis Association.

It is, however, in its communicability to children through milk bovine infection that the importance of bovine tuberculosis is most apparent. That this is a very real danger is proved by the careful statistics

of the percentage of the bovine type of tuberculosis in young children gathered by Park and others. The figures vary considerably in different localities.

This is taken from an address of that very much discussed gentleman, Dr. Torrance, when he was Veterinary Director General, delivered last year at the annual meeting of the association at Edmonton. He gives these figures:

Dr. A. Philip Mitchell, Resident Surgical Officer, Royal Hospital for Sick Children, has tabulated 72 cases of tuberculosis of children under twelve and found that 65 were of bovine type and only 7 of human type.

And this is the analysis:

Children five to twelve years of age, human bacilli 4; bovine, 30. Children under five years of age, human bacilli, 3; bovine, 35. Grand total, 72 cases.

He says of this:

A most striking fact brought out is the high incidence of the disease in children under three years of age. This is not surprising when it is recalled that the large majority of children of this age are nourished in whole or in part on cows' milk. I find that in my series of cases, 84 per cent of the children have been fed with unsterilized cows' milk since birth.

There is another case which I think will come very readily to the minds of officials of the department. I refer to the city of Saskatoon, where some years ago the children's hospital was filled with children suffering from tuberculosis. After three years' protection by having cows inspected under the municipal order plan, so that all the milk came from animals free from tuberculosis, the medical health officer of that city made the statement that their hospitals are free, not a child from the municipality of Saskatoon in those hospitals suffering from this disease; the only children there so suffering being those brought in from outside.

Now, I desire to present a report given by Dr. Ferguson of the Qu'Appelle Sanitarium, who before the convention of the Western Canada Live Stock Union on December 14, 1921, gave these figures:

From a study of 436 unselected cases by the Reseach Laboratory, New York, the varieties of bovine tuberculosis in the human were found to be:

	Adults per cent	5-16 years per cent	Under 5 years per cent
Pulmonary tuberculosis..	None	None	None
Tuberculous, glands of neck..	4	37	57
Abdominal tuberculosis..	16	50	68
Generalized tuberculosis.	3	40	26
Tubercular meningitis, with or without generalized lesions..	..	..	15

I just wonder if hon. gentlemen realize what is meant under that last heading—meningitis in children. Within the last few days there has come to my attention a case of two children who were taken to the greatest surgeons in America to discover the trouble from which they were suffering. It is pronounced meningitis. No surgeon can determine the cause, but here we have fifteen children under 5 years of age under tubercular meningitis, or a tubercular affection of the meninges or covering of the brain. Tuberculosis of bones or joints in adults, 5; children from 5 to 16 years, 3; children under 5 years, none. The results of this investigation would tend to show that very little of the pulmonary tuberculosis is bovine, but a considerable amount of the tuberculosis of the covering of the brain, more than half of the tuberculosis of the abdomen, nearly half that of the glands of the neck and a large part of the generalized tuberculosis in man, is of bovine origin. This report also shows that out of 686 cases of 16 years and over, only 1 per cent were found to be of bovine origin, while under 5 years, 120 in all, 49 per cent were found to be of bovine origin. In view of the fact that possibly every tenth grave is premature because of tuberculosis and that a large percentage of these cases have been proven to be of bovine origin, this is a matter of the utmost importance to the public generally and particularly to those who are using unsterilized milk. I have here an item taken from a press report dated from Montreal, May 8, which says:

Deaths from tuberculosis in April in the city of Montreal represents 85 per cent of the total number of cases reported at the city hall, according to the statistics furnished Wednesday by Dr. S. Boucher, director of Public Health. Out of 153 cases registered, there were 131 deaths from this disease.

If in Montreal, as in other places, 85 per cent of the total deaths in a month were from tuberculosis, surely the disease constitutes a serious menace. Probably figures are never very intresting, but there has come to my attention from different sources instances which illustrate the great danger to the children of this country from this disease. During one of the official tests of my herd of pure-bred cattle the inspector related an instance of a couple of children near Brockville, Ontario, at a place he visited in the course of his work to test some cattle. When he arrived at the farm he found both children, a boy and a girl, suffering from tuberculosis of the bone, and crippled. He went on with his work, the cattle were tested, and to his surprise every cow in the herd was condemned. They were found not only to be reactors, but when the carcasses were examined there was not a carcass in the herd that was fit for food, showing a very exceptional prevalence of disease in that herd. The energy with which the work of eradication of bovine tuberculosis has been

carried on in this department is to a great extent the result of the interest taken in the matter by the late Dr. Rutherford. If I have the story correctly, his only son died from tuberculosis some years ago and the result was a firm determination on Dr. Rutherford's part to fight this disease wherever he found it.

I was informed of another incident in the town of Portage la Prairie. On this occasion the city was under the control of the health authorities who refused to allow any raw milk to be sold in the city except from tested cows. A man on the outskirts of the city had a family cow which upon being tested proved a reactor. The man was so annoyed at this and had so little faith in the tuberculin test that he said if he could not sell milk in the city he would use it for the purposes of his own family. Some time after this one of the children took sick and the doctor was called in, but the child eventually died. Subsequently another child, a little girl, took sick and showed the same symptoms, whereupon a suspicion was aroused in the mind of the doctor that there must be something wrong with the supply of milk. He asked the veterinary who had been making the tests if he knew anything about this cow, and was informed that the cow had reacted. The doctor went back to the father of the children and said to him, "There must be something wrong with this cow." The man scoffed at the idea for a while, but after brooding on the subject for some days he decided that the cow would have to be slaughtered and an examination made. The cow was slaughtered at the abattoir. The veterinary was in attendance, and to his surprise and horror he found that just above the udder of this cow there was a tubercular sac and that every movement of the cow caused the poisonous fluid, filled with germs of tuberculosis, to flow into the udder. Small wonder these two children were infected and ultimately died, and no wonder that that father was heartbroken over his lack of information and his failure to realize the grave danger to which his family had been exposed through the presence of this disease. I can cite a great many cases similar to this where from one cow several children have been proved to be infected with the disease. A case was mentioned at this same Live Stock Union meeting by Dr. Snyder of Montana. He said that down in Paris, Illinois, a breeder had his herd tested and among them was a vigorous, fine looking, fat animal that looked anything but tubercular. However, she reacted and was tagged. The breeder scoffed at the idea that that cow could be infected with tuberculosis, and he eventually removed the tag and turned her over to his hired man in lieu of wages. This man had a family of five or six children, and the eldest child, a girl, became infected with tuberculosis. Upon examination two of the other children were also found to be in different stages of this disease. Only two of them escaped, a baby six months old, and a little girl who had not touched the milk. People were horrified at the results to this family, and they wanted to have the man prosecuted at once, but the attorney general of the state said: No, we will just let this stand for the time being, and when this girl dies, as she surely will, we will bring action for manslaughter against the man who had sold this tubercular cow.

[Mr. Brethen.]

There are a great many cases where single individuals and whole families, particularly children, have become infected in this way through tuberculous cows, and when we realize the potential danger from a single infected cow we will recognize what it means to the health of the community generally when the Health of Animals branch has removed this danger, as a result of the accredited herd system, so far as tens of thousands of cows are concerned.

I would like to draw the attention of the minister to the situation that exists in our smaller towns and villages, where practically every pint of milk that is offered for sale is sold in its raw state. I believe that in 90 per cent of these cases no examination whatever is made as to the health of the cows. If we take the figures that this department has established in regard to pure-bred herds, which show from 14 to 18 per cent are found to be tubercular, we can easily recognize the potential menace that this milk is to hundreds of thousands of children in this country. The danger is not so great in the larger cities, where it is practically compulsory for the milk to be pasteurized. I believe Montreal is an exception. But in all the smaller places the milk is sold in its raw state, and there is nothing to prevent thousands of children being infected in their early days through drinking it. I believe this department should extend the operations of the accredited herd system so as to include herds of grade cattle that are supplying milk to these smaller towns. I do not know that you can make it compulsory, any more than you can in the case of the pure-bred herds, but wherever there is a milk dealer with ten or more cows furnishing milk under these circumstances, and he wants to go into the accredited herd system, I believe the money of this department, which after all is the money of the people of Canada, should be devoted to that purpose, to encourage the sale of pure and uncontaminated milk to the children of this country.

Knowing as I do what can be done with a little money in the eradication of this disease, I hold the members of this House responsible for the misery and sickness and death of thousands of children if they refuse to vote the money for this purpose.

We hear in these days a great deal about economy but what is true economy after all? We have sanatoriums established all over this country for people suffering from this disease, and if you put the cost of maintaining a patient in one of these institutions at the regular cost of three dollars per day, it only takes the cost of maintaining one patient for a few months to pay the whole cost of compensation for a herd of cattle. It is estimated that the value of a mature Canadian in his earning years is at least $6,000 a year, and when we consider that at least 9,000 people in one year went to premature graves in Canada because of this disease, you have there a wastage of $54,000,000. Where is the economy there? There are some diseases that money will not cure, but here is a very grave disease that expenditure of money can prevent. Only last year this department cleaned up over 500 herds by the expenditure of a little money, and in regard to these herds to which I refer particularly, every pint of milk goes direct in its infected state to the children of this country. There is a very grave responsibility resting on every member of this House in this respect; I feel it resting on me or I would not have got up at this time of night to draw this matter to the attention of the committee. I believe the responsibility rests upon all of us here to make some effort to eradicate this source of danger to the children, the future citizens of Canada.

Mr. GARDINER: This is perhaps one of the most important items that will come before this House. At this late hour I do not propose to discuss it further. I rise simply for the purpose of entering a protest, and a very strong protest, against the members of this House having to discuss such an important item at this late hour. The committee will remember that this item came before us last Friday afternoon and that it was discussed until six o'clock. It came before us again this evening at eight o'clock, and has been discussed continuously since then up to 12.30, and up to 11.30 the time of the committee has been taken up by our Conservative friends in discussing matters that are to all intents and purposes outside this item; but the moment we get an opportunity to get down to business and discuss the item itself as it should be discussed, our Conservative friends leave the chamber. I call attention to the fact that there are now only two of them present. I protest against that kind of business, and I would suggest that this item stand for further discussion.

Mr. MOTHERWELL: May I repeat the historic invocation, "have a heart," and let us make some progress. The first night we did not expect to make any progress; I did not, at all events, but to-night I want to give the same assurance to my hon. friend (Mr. Gardiner) that I gave to my hon. friend (Mr. Tolmie), and to assure the whole committee that if they will allow this item to pass now I will be very lenient in allowing discussion of any particular phase of it in connection with the live stock vote. I think that is fair, and with that understanding I hope hon. gentlemen will let the item go through.

The CHAIRMAN: The next item is a very comprehensive one and will give the necessary opportunity.

Item agreed to.

Progress reported.

On motion of Mr. MACDONALD (Pictou), the House adjourned at 12.33 a.m. (Friday).

Friday, May 23, 1924

The House met at three o'clock.

JOINT COMMITTEE ON PRINTING

Mr. C. A. GAUVREAU: (Temiscouata) presented the second report of the Joint Committee on Printing.

UNITED CHURCH OF CANADA

Mr. F. N. McCREA (Sherbrooke): I wish to present a petition signed by W. B. McCaw and 59 others, members of St. Andrew's Presbyterian church of Sherbrooke, protesting against church union.

COMMITTEE ON AGRICULTURE AND COLONIZATION

Mr. W. F. KAY (Missisquoi) moved:

That the last annual report of the Department of Agriculture be referred to the select standing Committee on Agriculture and Colonization.

Mr. SPEAKER: By unanimous consent.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS

Bill No. 123 (from the Senate), for the relief of Nora Pearce.—Mr. Boys.

Bill No. 124 (from the Senate), for the relief of Albert Francis Ray.—Mr. Garland (Carleton).

Bill No. 125 (from the Senate), for the relief of Irene Mildred Jeffrey.—Mr. Boys.

Bill No. 126 (from the Senate), for the relief of Florence Mitchell.—Mr. Martell.

INDUSTRIAL AND INTERNATIONAL RELATIONS

Right Hon. W. L. MACKENZIE KING (Prime Minister): In the absence of the Minister of Labour (Mr. Murdock) I beg to move the resolution standing in his name on the order paper, as follows:

Resolved that it is expedient that a certain draft convention which was adopted at the first session of the International Labour Conference of the League of Nations, in 1919, limiting the hours of work in industrial undertakings to eight in the day and forty-eight in the week, be referred to the select committee on Industrial and International Relations for examination and report, having regard to the labour provisions of the treaties of peace and to the order in council of November 6, 1920, dealing with the jurisdiction of the Dominion parliament and the provincial legislatures.

Motion agreed to.

REPORTED MOVEMENT TO BOLIVIA

On the Orders of the Day:

Mr. WILLIAM IRVINE (East Calgary): I would like to ask if the government are aware that a large number of Alberta farmers who were under contract to purchase land from the Canadian Pacific Railway Company, finding themselves unable to meet their payments, made proposals to that company which were rejected, and that these farmers are now negotiating with the Bolivian government with a view to purchasing land in Bolivia, and intend, or are even now making preparations, to move out as a colony of settlers to that country. If the government has heard of this, I would like to know if any action has been taken; whether the Canadian Pacific Railway have been approached on the matter; and whether there is any hope of holding these farmers in Canada.

Right Hon. W. L. MACKENZIE KING (Prime Minister): So far as I am aware, no representations have been made to the government in this matter. I will draw the attention of the Minister of the Interior (Mr. Stewart, Argenteuil) to my hon. friend's remarks.

QUESTIONS AND ANSWERS—INQUIRY

On the Orders of the Day:

Mr. JAMES ARTHURS (Parry Sound): On April 30 I drew attention to the fact that a question of mine had been answered by a reference to another question on the same subject, and that a further reply was promised. The answer would be a very short one, and I see no reason for delay. There was also another question standing in my name affecting more particularly the Minister of Militia, respecting rifle sights. The answer would be very short, and I see no reason for delay in this case also.

[Mr. Speaker.]

Mr. MACKENZIE KING: The minister (Mr. Macdonald, Pictou) is reviewing the cadets on Parliament Hill at the moment. As soon as he comes in I will draw his attention to my hon. friend's remarks.

THE READING ROOM

On the Orders of the Day:

Mr. J. J. HUGHES (King's, P.E.I.): Mr. Speaker, I wish to draw your attention to a practice that is being followed by some members of sending to the Reading Room and getting newspaper files sent to their private rooms. They keep them there for a considerable time, a day or more, and then return them either of their own accord or when they are sent for, considerably mutilated and torn. If it is the privilege of members to keep these papers in their private rooms, the privilege is being abused, and I think it would be well to provide a remedy.

Mr. SPEAKER: The words of the hon. member will surely serve as a notice to the delinquents.

WAYS AND MEANS

CUSTOMS TARIFF ACT, 1907, AMENDMENT

The House in committee of Ways and Means, Mr Gordon in the chair.

2. Resolved, That it is expedient to amend the Customs Tariff, 1907, by adding at the end of section five thereof as enacted by chapter forty-two of the statutes of 1923 the following proviso:

Provided that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom, the value for duty shall not include the amount of the customs duty payable on tea for consumption in the United Kingdom.

The CHAIRMAN: This clause was allowed to stand by consent.

Sir HENRY DRAYTON: I think the Minister of Customs (Mr. Bureau) was under a misapprehension as to the situation. I am inclined to think that the Acting Minister of Finance (Mr. Robb) is correct when he says this removes the only existing disability. Under those circumstances I do not press my amendment.

Resolution agreed to.

Customs tariff—12a. Sausage skins or casings, cleaned: British preferential tariff, free; Intermediate tariff, 15 per cent; General tariff, 17½ per cent.

Sir HENRY DRAYTON: Before we go into that. My hon. friend (Mr. Robb) was to check a list which was submitted, and as to which he could not speak with definiteness.

The CHAIRMAN: What list?

Sir HENRY DRAYTON: A list of articles which enter into the manufacture of different articles in this section which we struck out. I may say that the only sections that were struck out in committee, so far as I know, and I was here all the time, were the first three. The general resolution was not put.

Mr. ROBB: That is my understanding.

Sir HENRY DRAYTON: My hon. friend was to check the list. I have been handed this list which I suppose is the correct one. I do not want to delay my hon. friend by going over it all. Perhaps the committee would allow me to put it on Hansard.

Mr. ROBB: No. The situation yesterday, as I recall it, was that my hon. friend submitted a list of articles which he claimed entered into the production—

Sir HENRY DRAYTON: I asked if it did; I said I did not know.

Mr. ROBB: —of these materials. I was aware of this list before, I knew it had been freely circulated, an intimation was made in the public press, that the tariff concessions affected all these items. I am sure my hon. friend will not expect me to explain in detail the extent to which these different items do enter into the production of these articles affected by the tariff. What I did was to supply my hon. friend with a comparison of the rates of duty—the old rates of duty under the general tariff and the new rates—and the percentage of these that will go into the items affected by the tariff. I make no commitments, but I say if my hon. friend will refer to the bottom of the memorandum I have given him he will find a reservation there, that articles for resale, in condition as imported would be subject to the usual rates applicable to such articles, and are not admissible under tariff item 445a.

Sir HENRY DRAYTON: Certainly.

Mr. ROBB: That means that when the manufacturer goes to the customs claiming admission for these he must establish to the satisfaction of the officers that the articles will enter into the cost of production.

Sir HENRY DRAYTON: I did not expect my hon. friend to be able to give us the percentages that he referred to.

Mr. ROBB: Oh no.

Sir HENRY DRAYTON: That would mean a great deal of study and a good deal of delay. But I want to find out if these are articles that enter into the manufacture, that is what I was trying to find out; and I supposed my hon. friend's list would show that these articles do enter into the manufacture of these goods. That is all.

Mr. ROBB: I will admit at once that looking over the list casually I should say a good many of the articles enter into the manufacture but to what extent or percentage I would not undertake to say. It might be that a very trifling part of these items would enter into the construction of an implement, or product, affected by the reductions in the tariff.

Sir HENRY DRAYTON: I am not asking for percentages, and I do not want to delay my hon. friend. I just want to know whether these articles enter into the manufacture and to what extent they are used. My hon. friend has prepared a list here himself which reads:

The following articles when imported by manufacturers of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591 for use only in the manufacture of such goods enumerated in said items are rated as below.

Then we have the list. I suppose this list prepared by my hon. friend is correct.

Mr. ROBB: It is correct.

Sir HENRY DRAYTON: Then, instead of asking my hon. friend to read his list, in order to facilitate the work of the committee I am quite content it should be handed to Hansard.

Mr. ROBB: Let me clear this up with my hon. friend now. I want to be perfectly frank with him. This was checked out from a list that circulated freely in the public press and was supplied, I understand, by the Manufacturers' Association. It is the Manufacturers' Association that make the statement that these different items are affected by the reduction in the tariff, I am not prepared to guarantee that all that is put out there is correct. I would say in a general way that many of these items do go into the manufacture of such articles as are affected by the tariff, but I would not certify that they all go in.

Mr. FORKE: I notice "Goggles" here. If goggles go in, paint might as well go too.

Mr. ROBB: Goggles are not affected by the rate, there is no change in that respect.

Sir HENRY DRAYTON: My hon. friend says he does not know that all these articles of necessity go into the manufacture, he does not want to certify as to that. I want to be absolutely fair to him. His impression is that they probably all do; is that right?

Mr. ROBB: I would not say all, no. I would say many of them do.

Sir HENRY DRAYTON: Then, is there one article on that list, which list has been in the hands of his experts for weeks, that my hon. friend says ought not to be there?

Mr. ROBB: Can my hon. friend tell me this: Will he say that brooms play any part in the construction of agricultural implements?

Sir HENRY DRAYTON: If my hon. friend says they do not that is all I want to get.

Mr. ROBB: I say they do not.

Sir HENRY DRAYTON: Very well, what else besides brooms? Surely my hon. friend takes his budget proposals a little more seriously than to laugh. We are dealing with tariff items and we want to know what items are affected. I have given a list to my hon. friend for the purpose of being checked over to see whether it contains correctly the items affected. Now he tells me that in one case it is not correct—brooms. Very well, take that out; is there anything else that is not correct?

Mr. ROBB: I am not going to check the list.

Sir HENRY DRAYTON: Well, I just point out, Mr. Chairman, the way this House is legislating upon this question. The minister does not know what articles he is dealing with, or what articles are affected by these changes.

The CHAIRMAN: (Mr. Marcil, Bonaventure): Shall the item carry?

Sir HENRY DRAYTON: What is the minister going to do about my suggestion of putting the list on Hansard? It is his list.

Mr. ROBB: I have no objection to my hon. friend putting the list on Hansard, with this reservation—that I do not admit they all go into the production.

Sir HENRY DRAYTON: There is apparently one thing we can agree on, that is that my hon. friend does not know what is affected.

[Mr. Robb.]

Mr. ROBB: I would not admit that.

Mr. GUTHRIE: Until this moment I have not had an opportunity of examining this list, but if I understand it aright it is a list prepared by somebody of articles which probably or possibly enter into the manufacture of agricultural implements and by reason thereof the present duties will be reduced. I notice on the list the old rate and the new rate of duty. In the riding which I have the honour to represent while we are not to a very large extent engaged in the manufacture of agricultural implements as such, there are a great many items on this list which are manufactured there. I take the first item, wagon springs. Apparently the old rate of duty is 17½ per cent. The new rate according to this list is 6 per cent. Will the minister tell me whether in the case of wagon springs—which are made largely in Guelph—the reduction will be from 17½ to 6 per cent?

Mr. ROBB: On springs going into a wagon—that is affected by this tariff, yes.

Mr. GUTHRIE: That is, a farm wagon, The next item is coil springs, which are also made in my city, and which are used to some extent in various kinds of agricultural machinery. The present duty on coil springs is 30 per cent, which under the new arrangement will be reduced to 6 per cent. Do I understand that the duty on all coil springs that go into agricultural implements of any kind will now be reduced from 30 per cent to 6 per cent?

Mr. ROBB: If they go into the agricultural implement that is affected by this, yes. Let me point out to my hon. friend that the manufacturer of coil springs will also have some concessions by way of reduction of duty on his raw material.

Mr. GUTHRIE: That is just what I wanted to ask. If the manufacturer makes coil springs which ultimately go into agricultural implements, what provision is made for him; does he get his raw material in free?

Mr. ROBB: No. If it is established that he is at a disadvantage, the government will try to put him in a reasonable position. Let me clear this up with my hon. friend at once. When the tariff was first announced hon. gentlemen opposite, in the House and through their press, said that the agricultural implement industry of this country was ruined, that the government were practically putting it out of business. But shortly afterwards the manufacturers of agricultural implements issued a statement saying they were able to carry on, and it was established, I think, by a

supporter of my hon. friend's, that these manufacturers were almost in as good a position as they were before; indeed there were some hon. gentlemen who reversed their position later on and declared the manufacturers of agricultural implements were even in a better position than they had been before; but statements were then made in this House and in the press that the steel industry was to be ruined by the action of the government. But the same newspapers which announced that our steel industries were closing down their furnaces because of the action of the government, printed in their financial pages announcements from the managers of these industries that they had orders enough to keep them going until September. No later than yesterday in the Montreal Star—and no one will contend that this paper is over zealous in supporting the government—in the financial column—not in the political column, be it noted—Mr. Hobson, who is a recognized leader in the steel industry of Canada, gave out a statement which I will read for the benefit of my hon. friend. This is the announcement:

> Expects steel business to pick up a little.
>
> Toronto, May 22.—(Star Special).—
>
> The rumour that Steel Company of Canada had decided to curtail operations was definitely denied this morning by President Robert Hobson, of that company, who, while he would not say that the outlook was particularly bright, was distinctly optimistic as to the immediate outlook, saying that operations were continuing at a fair rate, approximately 70 per cent capacity.
>
> "The outlook is regarded with a little more confidence generally," said Mr. Hobson, who added that he could see indications that business might pick up a little rather than the reverse.
>
> Mr. Hobson further stated that a second furnace would be blown in during the course of the next three or four weeks, and set at rest various rumours by explaining the reason for the temporary shutdown. The furnace, he said, had been put in in 1896 and its shell had been worn almost completely through. It had been closed to permit the construction of a new shell. This work was well under way and would be completed within the next three weeks and the blast put into operation again.

So I am inclined to take Mr. Hobson as an authority on the steel industry of Canada rather than my hon. friend opposite. This government has no intention of ruining any Canadian industries. We want and expect our industries, as a result of the budget, to do more business and employ more hands than ever before.

Mr. GUTHRIE: After his speech the minister perhaps will turn for a moment to the question I asked him: Will the manufacturers of wagon springs and of coil springs be entitled to get in their raw material under any better rate in future than they have in the past? I understood my hon. friend to say that they would have some relief. I did not find it in his budget speech, nor do I find it in his schedules. I wish he would point out to me where it is.

Mr. ROBB: I say frankly to my hon. friend, realizing fully the responsibility of the statement, that if it can be established that industries manufacturing these different parts are adversely affected by the tariff to a degree that they require consideration, the government will be prepared to give them fair consideration.

Mr. GUTHRIE: Does the minister make that statement under authority? He cannot alter the tariff, as he knows, after parliament has prorogued. Does he propose bringing in some legislation this session empowering him to make these changes? Or under what authority does he intend to act?

Mr. ROBB: My hon. friends will have to accept my statement, as I hope the manufacturers will.

Mr. GUTHRIE: Is there any foundation for the statement?

Mr. ROBB: There is sincerity in it.

Mr. GUTHRIE: That may be the pious wish of the minister himself. If he brings in legislation giving him the power, that would be foundation enough. He knows that once the tariff act is passed, it is final until the House meets again. Will there be any chance, say next autumn or next winter before the House meets, of the manufacturers of steel wagon springs and of coil springs obtaining relief in respect of their raw materials where their springs go into farm wagons and agricultural implements? The minister said they might rest assured that they would be taken care of, or words to that effect. I wish he would give me some assurance on which they can do business.

Mr. FORKE: Is the item fuel oil correct? It is put at 100½ per cent.

Mr. ROBB: It is a typewriting error; it should be one-half cent.

Mr. GUTHRIE: I take another item in which my constituency is particularly interested—pipe. This list simply has the item "pipe". As the minister knows, perhaps, there is a large industry in Guelph making iron pipe. Pipe is now marked on this list 30 per cent, and the proposed reduction will put it down to 6 per cent. Do I understand

from the minister that the tariff reductions shown on this list are correct, and that pipe will be reduced from 30 to 6 per cent?

Mr. ROBB: If it goes into the manufacture of an article that only bears 6 per cent duty.

Mr. GUTHRIE: Is the same thing correct in regard to belt pulleys? They are made in the city of Guelph too. The reduction in this case is from 27½ to 6 per cent. Does the minister contemplate, in regard to the pipe industry or the manufacture of belt pulleys, that any advantage will be given to these manufacturers to compensate them for the reduction which they must now face where their goods enter into the manufacture of agricultural implements? Can the minister give me any assurance? I want it for the purpose of passing it on to the manufacturers of whom I speak. If he can, it will be gratefully received in the city of Guelph where these things are made.

Mr. ROBB: Careful consideration will have to be given as to what percentage of the output of an industry is affected by the tariff changes. If an industry is enjoying twenty, twenty-five or thirty per cent protection on ninety per cent of its products and the other ten per cent is affected by these changes, I am not so sure that it would be possible to make out a case. But we will look into the matter very carefully.

Mr. CALDWELL: Have only two of these lists been prepared? What is the idea of supplying two members of the House with a list which the rest of the House does not have if we are expected to consider these items with any intelligence?

The CHAIRMAN (Mr. Marcil, Bonaventure): We are at item No. 12A, "sausage skins or casings, cleaned," and all this discussion does not refer to this item at all.

Mr. ROBB: I provided those lists as a matter of courtesy to the hon. member who was leading the opposition this afternoon and the hon. member who was leading the Progressives. I do not place so much importance upon the list as my hon. friends seem to do, as it was a list that was issued and widely circulated by the Manufacturers' Association, in an attempt to convince the people that we were ruining the country. May I point this out again?—that as regards many of these items, the great percentage of production of an industry is affected very slightly. I should like to appeal to the judgment of my hon. friend (Mr. Caldwell), who knows something about farming, or potato growing anyway, if I cannot appeal to the genial member for West York (Sir Henry Drayton); will he tell me to what extent disinfectants will enter into the manufacture of agricultural implements? —to what extent will tungsten lamps enter into the manufacture of agricultural implements?—to what extent will electrical equipment enter into their manufacture? There are three items that just come to my attention. It is sufficient, I think, to mention those items to show, to say the least, that this list is considerably padded.

Mr. CALDWELL: I almost thought for the moment that we were considering the items on this list. If that is not what we are considering as items under the tariff, possibly it is not very relevant, and therefore my objection has been removed. So far as I can gather from this list, it is about on a par with the claim made by the manufacturers as regards the whole tariff. Much of the literature circulated by them is an attempt to becloud the issue entirely.

Sir HENRY DRAYTON: The reason why this list is here is because, instead of wasting the time of the committee in an endeavour to get information from the minister when he did not have it, I handed in a list and he said that he would check it. If you will look at Hansard at page 2422, the minister says:

> I will be quite content to take the list and have the customs authorities who are to administer the act, look carefully into it and check it over.

I then said:

> I will put it on Hansard, and then the minister can have it checked. My instructions are that these are only some of the things.

What I wanted to get at was the truth, that is all. The minister was to have the list checked and was to let us know the result. I do not know what position he wants to take to-day, whether he is going to say that what he said before is not to be acted upon; but I can assure him that he will not make much progress taking that stand.

Mr. ROBB: I can see now that when my hon. friend spoke of "checking," he had one thing in mind and I had another. I understood him to mean that we would check the difference in the duty if these items went into the manufacture of agricultural implements.

Sir HENRY DRAYTON: No.

Mr. ROBB: I say frankly to my hon. friend that at this stage of the legislation I would not undertake to find out what goods

enter into the manufacture of articles affected by this legislation; but that will be carefully checked, and a manufacturer will have to establish to the satisfaction of the Department of Customs and Excise that an item goes in to the manufacture of agricultural implements before he will have consideration for rebates.

Sir HENRY DRAYTON: My hon. friend is entirely at another point and there was no room for any misunderstanding. If my hon. friend will look at page 2421 of Hansard, when I was picking out some of these items and asking whether my hon. friend knew whether they were affected or not, my hon. friend admitted that some of them were. My hon. friend said:

> We will admit they are going in as farm machinery.

That is, these items that I was referring to. I said:

> I do not want to be unfair to my hon. friend. If he does not know, it is unfair for me to go on establishing facts, because he may be stating something which is not correct. I only want the truth, and I want to know what we are legislating about.

There was no question of tariff at all. It was a question of the items, whether an article was or was not affected. I continued:

> I suggest to my hon. friend that he should bring down a list of all the articles entering into the manufacture of articles which will be covered by these reductions. He will have it right then.

We had some more discussion and I handed that list to my hon. friend to be checked. I cannot understand why there is any room for a difference of opinion as to what Hansard said.

Mr. ROBB: I do not dispute what Hansard says, but I had in mind that the request was to check the rate of duty. Had I thought that my hon. friend wanted me to send out to the different manufacturers and inquire from them to what extent these various items would enter into their industry, I would have at once made it clear to him that I did not propose to do that. I do not propose to do it now.

Sir HENRY DRAYTON: My hon. friend would be quite right if he says: "To what extent?" I did not ask that. I asked only if these items entered into manufacture of farm machinery. The situation resolved itself into this, that the government have brought in these resolutions without knowing what articles they are affecting, and although it is now six weeks since the budget proposals were brought down, the government even to-day do not know what they are doing and will not take the trouble to find out.

Mr. FORKE: It would be an utter impossibility for the government at this time to bring down every article that will enter into the manufacture of all kinds of implements. I think the hon. member who is leading the opposition is asking an impossibility. I may be wrong, but I do not see how this is possible.

Sir HENRY DRAYTON: Yes, the hon. member is quite wrong. It is an easy matter.

Mr. FORKE: I am much obliged to the hon. member for the kindly advice he always hands out to me when I am on my feet, but I have an opinion of my own, anyway.

Mr. GUTHRIE: The list has only come to my attention to-day. It is very interesting to me and it will be very interesting to the riding which I have the honour to represent.

Mr. ROBB: My hon. friend says that this list has only come to his attention to-day. He told us a moment ago that he represents a constituency that is interested largely in the manufacture of these products that enter into the manufacure of farm machinery. How does he explain that he has heard of this list only to-day? Are his constituents not interested in it?

Mr. GUTHRIE: I did not see this list until five minutes ago when I noticed it on the desk of my hon. friend (Sir Henry Drayton) who is sitting next to me. I represent a constituency which is taking a very deep interest in this matter, and, I have received many communications from my constituents. On looking over the list I find that among the articles enumerated in it that are manufactured in Guelph and are manufactured for the purpose of going ultimately into the manufacture of agricultural machinery and the like, are the following:

	New Rate Per cent	Old Rate Per cent
Ball bearings (made in 2 factories).	10	6
Blades..	12½	6
Malleable castings..	27½	6
Grey iron castings (another large item in Guelph)..	27½	6
Drills..	30	6
Hinges..	30	6
Lock washers..	30	6
Pipe..	30	6
Pulleys, belt..	27½	6
Springs, wagon..	17½	6
Springs, coil..	30	6
Wrenches..	30	6
Spring keys..	30	6

There may be other items of which I am not aware, but those I have enumerated are all made in Guelph. Hon. gentlemen to my left have been applauding continuously

throughout the reading of these items, and I wish that the applause could be recorded in Hansard. I want it to be noted that each of the reductions which I have indicated has been heartily applauded by the Progressive group, at least a dozen of whom have been clapping their hands and pounding their desks.

Some hon. MEMBERS: Hear, hear.

Mr. GUTHRIE: And now comes louder applause from those hon. gentlemen generally. Well, I want to let the people of the city which I represent understand precisely the attitude of the adjunct to the Liberal party which sits to my left, in regard to the articles which are particularly to be affected in that city. I have received from responsible persons information to the effect that an estimate has been made of the number of workmen actually engaged in the city of Guelph—and I am speaking now only of the city—in the production of material which will be affected by this tariff and which goes into the manufacture of agricultural implements and other articles that have been reduced under the present budget. The estimate given me is 257 workmen, the larger number of them being engaged in producing malleable iron castings. There is in the city of Guelph one large malleable iron industry, one-third of whose output, I am informed, goes to the manufacturers of agricultural implements, two-thirds being otherwise consumed. And another large industry that is going to be affected is one producing grey iron castings. A large part of the output of the industries in Guelph goes to the agricultural implement works, and the items which I have enumerated are all affected. Speaking generally, however, they are not of the same importance as the malleable and grey iron castings items; a portion of the product of these industries goes to the agricultural implement makers. The list I have just read shows that there are reductions of from 30 per cent to 6 per cent, and from 27 per cent to 6 per cent, all very substantial reductions involving serious consequences. When I mentioned the matter first this afternoon the Acting Minister of Finance (Mr. Robb) took a position which I had not anticipated: He said that consideration would be given to the manufacturers of these articles, which are the raw material of the agricultural implement industry. But when I pressed him a little to show how he was going to do that he rather retracted the assurance. I am afraid that assurance was somewhat vague, somewhat visionary, and I fear therefore that I cannot hold out much hope of relief to those who are interested in the production of these goods in the city of Guelph. Would it be an unfair thing to give them their raw material free when that raw material is worked up into their finished product to go, by another process, into the manufacture of agricultural implements? I assumed from the attitude of the minister a few moments ago that this was what he was going to do, but I do not think he has authority to do it, even if he wants to unless he takes that authority in this present measure. I wish he would do so; at least I earnestly ask him to give consideration to that very question. Why not give to the malleable iron manufacturer free raw material, at least in so far as it goes into the manufacture of agricultural implements? You have reduced the duty on goods such as he produces from 30 per cent to 6 per cent and you have done nothing for him.

It has been pointed out to me—and I can only give such information as I have secured indirectly, because I am not a practical man—that malleables are produced in Buffalo, not very far from Guelph, at twelve to fifteen per cent cheaper than they can be produced in Guelph, in Oshawa or in Owen Sound where they work malleables. And Buffalo can produce cheaper by reason of what is called mass production. There are one or two other elements that enter into the production of these articles in Buffalo which we have not; for example, in some instances they use female labour for what we would call man's work. At any rate, malleables are produced in Buffalo to-day from twelve to fifteen per cent cheaper than they are in Ontario. That statement was written to me, and a few days afterwards I saw an interview which had been given by the manager of the largest malleable iron industry in Canada whose figures were about the same. I am satisfied that there was no connection between my source of information and that of the interview, and they both are to the effect that I have indicated. We have a six per cent duty allowed us. The question is, how can we compete under the circumstances? I do not think we can compete Certainly we will try, but I believe that the moment the Buffalo people want to stop us they can do so. As against our

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duty of six per cent they have this cheaper production of from twelve to fifteen per cent. I come now to pipe, which is a large industry in my city. I take it that there is not a very large quantity of pipe used in the manufacture of agricultural implements, although there is some. Pipe is made from skelp, which is brought in from the United States. We pay a duty on the skelp, which

we convert into pipe, and our protection on that pipe has been reduced to 5 per cent. I have brought to the attention of the Acting Minister of Finance the items which are most seriously affected in the city in which I live, and I wish he would give some little more assurance that he will do something for these people. I should be glad if he would take power in the present measure to give them something like fair or reasonable treatment; certainly those who produce agricultural implements should not be the only ones who get some counteracting benefit under the tariff.

Mr. ROBB: Let me at once direct the attention of my hon. friend to item 1027, which we shall reach once we get this one out of the way. Item 1027 reads:

Materials, when used by manufacturers of malleable iron castings or steel shafting for use exclusively in the manufacture of such articles for use in the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591.

In that case there is an 80 per cent rebate on the duty.

Mr. GUTHRIE: Why not all the duty?

Mr. ROBB: Because they have 6 per cent protection for the difference.

Mr. WHITE: Does that 80 per cent apply to the duty on fuel as well?

Mr. ROBB: No; we have not considered fuel in that connection.

Mr. EVANS: To what extent is the article mentioned in item 12a imported?

Mr. ROBB: We have not reached that item yet. I will give the information when we come to it.

Mr. HUGHES: The hon. member for South Wellington (Mr. Guthrie) makes a distinctly sectional plea; he speaks for the people of Guelph, whom he particularly represents. Well, I want to say a word or two for the people I represent. My hon. friend says that the people he represents will be injured if any of the privileges they have hitherto enjoyed under a protective tariff or under a high tariff are taken away. I claim, Sir, that the people I represent have been injured for many years by the tariff and will still be injured by the proposed tariff, but the injury will be less. They have to go out in the open world and find a market wherever they can for the goods they produce, and they have been obliged by the tariff to take the money they get for their goods, go to Ontario and Quebec and purchase the things they need at prices which are enhanced by the tariff. It is the most inequitable legislation that could be put on the statute books. The people I represent cannot under any possible conditions receive benefit from any tariff or any protective tariff that can be introduced. My hon. friend says that the people of Guelph particularly are receiving advantage from the customs tariff that has been in operation. The hon. member for St. Lawrence-St. George (Mr. Marler) makes the same claim, as do the hon. member for North Waterloo (Mr. Euler), the hon. member for Brantford (Mr. Raymond), and several others. Taking these statements at their face value, I submit that if the people living in the neighbourhood of those cities are benefited by the customs duties, in the name of fair play they should pay for those advantages. Let them provide this payment in any way they wish—by bounties; that would be a simple way of doing it.

Mr. CALDWELL: A benevolent way.

Mr. HUGHES: A fair way. I would have no objection to that, but I protest as strongly as I can against the people I represent being compelled to pay for the advantages that the people living in Guelph and in the neighbourhood of Guelph enjoy. It cannot be called a "national" policy. I want to bring that view to the attention of my hon. friend, who, I believe, is a fair man and wants to be an honest and a just man. I ask him to consider the people I represent as well as those he represents, and to give us all fair play.

Mr. CALDWELL: Make an average.

Mr. HUGHES: Yes, make an average.

Mr. EULER: What do you mean by an average?

Mr. HUGHES: I mean we should have an average of justice in this country.

Mr. EULER: An average of justice,—that is a new one.

Mr. CALDWELL: It is certainly new in this country.

Mr. HUGHES: An average of fair play.

Mr. EULER: We ought to have fair play, not an average of fair play. Fair play is a definite thing. The term "average fair play" is absurd.

Mr. HUGHES: The position taken by the hon. member for North Waterloo in regard to the protective tariff is unjust as well as absurd.

Mr. EULER: I suppose it is "average injustice," is it?

Mr. HUGHES: My hon. friend can speak in this committee whenever he wishes. I am making a statement now, and I am sure that I make it to men who recognize justice and fair play. I think, too, that I have some backing in what I say.

Mr. GUTHRIE: In regard to the item to which the minister called my attention—1027, materials when used by manufacturers of malleable iron castings—do those materials include fuel coal or steam coal?

Mr. ROBB: No.

Sir HENRY DRAYTON: The minister does not know whether these new tariff changes may become necessary or whether he is going to make exemptions or modifications under section 286 of the Customs Act, but if he is not going to do it that way, how is he going to do it?

Mr. ROBB: It can be done under section 286 of the Customs Act if it is found necessary.

Sir HENRY DRAYTON: So the present idea is that any injustices that develop, and which the minister would not be guilty of if he knew what he was doing, are to be cured under section 286 of the Customs Act. What are the principles under which the government will act in correcting those injustices? Take for example the case he himself gives, where there is but a small percentage used of a firm's output affected by these tariff reductions. What percentage, in my hon. friend's view, would have to be shown before the government would interfere and aid? In the case of the small percentage he mentioned he seemed to think that nothing ought to be done. Just where would he consider action necessary under section 286?

Mr. ROBB: That is a very fair question. My hon. friend has had some experience: He travelled, I think, from Halifax to Vancouver taking evidence as to revision of the tariff. I am not sure that he ever went much further than that, but he had the evidence and he probably has very definite ideas as to what should be done. Generally speaking, I think the question of where tariff protection should be afforded should be very carefully gone into. I think the Prime Minister (Mr. Mackenzie King) made it clear in his speech on the budget that the government proposed to go very carefully into the conditions throughout Canada during the year. One item that might be very carefully looked into, for instance, in industries enjoying tariff protection would be the amount of watered stock they had. I think the people of Canada have a right to know whether these industries are paying dividends on watered stock or not. There are many other considerations affecting industries that my hon. friend knows must be taken into account.

I do not like to delay the passing of my own resolutions, nor to prolong this debate, which in the House continued from the 10th of April up to the 15th of May, but I would like again to remind my hon. friends opposite that they have not kept one principle steadily in view in the consideration of these tariff changes. I repeat again that in the early period we were said to be destroying the agricultural implement industry in this country; then we were destroying the steel industry. I do not admit that all the newspapers opposed to this government have a right to speak for the official opposition but there is one man who has a right to speak for the official opposition in this House, and that is the deskmate of my hon. friend from West York, and I have no doubt that his leader consults with my hon. friend before making any declaration on behalf of the party. Now let us take the evidence of the right hon. gentleman who leads the opposition (Mr. Meighen) as to the effects of the tariff reductions proposed by this government on the whole trade of Canada. I think the general trade of Canada last year was about two billion dollars, perhaps one half of which was produced in this country. What did the leader of the opposition say with respect to the effect of these proposed tariff reductions? Turning to the party at his left he asked: What are you getting out of this tariff after all; what are you getting out of these reductions? I will give his exact words:

> I venture to say that not $300,000 in its entirety will be taken off farm implements. Add to that if you like the home consumption, if you still stick to it that your theory is right, and you have something like $700,000.

Now, is a reduction of $700,000 going to ruin all the vast industries of this country?

Sir HENRY DRAYTON: Mr. Chairman. I must apologize for not putting my question in such a way that my hon. friend could understand it. I never asked him anything in connection with which he has made a speech. He has not answered my question. After saying that it was a fair question, he proceeded to forget all about it. Well, let us forget what has happened in the meantime; it has nothing whatever to do with the question. I again ask my hon. friend,

what percentage of the output of companies affected under the provisions which render free, or more free, the raw materials of agricultural implements must be affected before he will undertake to consider their case under section 286 of the Customs Act?

Mr. ROBB: I will frankly say to my hon. friend that I have not yet reached a conclusion upon that. In considering to what extent they are affected, one must take into account the amount of real capital invested in the business, how much watered stock they have, and other conditions affecting the industry.

Sir HENRY DRAYTON: Of course, it goes without saying that no tariff ought at any time to be so fixed as to protect fictitious values; there is no question about that, and nothing is gained by constantly repeating it. The real thing I would like my hon. friend to think about is something that, so far, I have not seen much evidence of his having thought about; it is not any question of capital; it is not any question of stock; it is merely a question of labour and keeping men in employment, that is all. That is the only thing he has really a right to be interested in. These other things are merely incidental to the main question. Surely my hon. friend has some idea as to what deprivation he is going to see business suffer in terms of men before he will interfere under section 286 of the act. It is really an extraordinary situation, Mr. Chairman, when we have the admission from the government, in the first instance that they do not know the list of activities that will be affected; in the second instance that, not knowing, they are nevertheless going to make sure these industries will not be hurt; and in the third instance that they have not the slightest idea of what principle they will proceed upon or when they will proceed to give assistance under section 286 of the Customs Act. Suppose my hon. friend forgets speeches and platitudes for a moment; let him consider this matter from the point of view of the number of Canadians working in any given activity, and tell us, if he has gone far enough into the matter to be able to tell us what percentage of Canadians have to be driven out of work in connection with these industries before he will extend a helping hand.

Mr. ROBB: I will ask my hon. friend a question. Does he think it would be good business to give a protection of thirty per cent to an industry employing ten men, where they could keep the products of their industry up so high as to prevent fifty other men working in other industries?

Sir HENRY DRAYTON: Certainly not. The large question has to be looked into.

Mr. ROBB: You have given my answer. It is a large question.

Sir HENRY DRAYTON: The whole general question has to be looked into; but the time to look into it is before you act, so that you will know where you are going, instead of writing out a blank cheque, as apparently is written out in this case. I do not want to delay the committee. Apparently we cannot get any information from the government in connection with these many industries that are affected. I hold in my hand a list which I got from the minister, a result of what was said in Hansard on May 22, at page 2421 and 2422. The list is headed:

The following articles when imported by manufacturers of goods enumerated in Tariff items 445, 446, 446b, 447, 448 and 591, for use only in the manufacture of such goods enumerated in said items, are rated as below:

Now I propose to read the list or to hand it to Hansard, whichever the Chairman and the committee prefer. I have suggested several times that it be handed in to Hansard.

Mr. ROBB: I have no objection to its being handed in, if the Chair is willing, and if it is understood that it includes the paragraph on the bottom of page 6, reading: "Articles for resale in condition as imported would be subject to the usual rates applicable to such articles and are not admissible under tariff item 445a."

Sir HENRY DRAYTON: Perhaps the minister would hand in his copy to Hansard.

Mr. ROBB: Very well.

The following articles when imported by manufacturers of goods enumerated in Tariff items 445, 446, 446b, 447b, 448 and 591, for use only in the manufacture of such goods enumerated in said items are rated as below:

Material	General Tariff Old Rate	New Rate
Adjustable sieves	15%	6%
Air cleaners	10%	6%
Babbit	15%	6%
Baggers for threshers	15%	6%
Balls, steel, for binders, etc.	10%	6%
Ball bearings	10%	6%
Barrels	25%	6%
Benzine (gasoline)..Gal.	2½%	6%
Bits	30%	6%
Blades	12½%	6%
Bolts..100 lbs.	75c and 25%	6%
Brake lining	30%	6%
Brass injectors if for plant equipment	10%	6%
Brass rods	10%	6%
Brass, sheet	10%	6%
Brass tubing	10%	6%
Brass valves for threshers	15%	6%
Brooms	20%	20%

Material	General Tariff Old Rate	General Tariff New Rate
Brushes	27½%	6%
Buckles	30%	6%
Carburetors for harvesters	10%	6%
Calcium chloride:		
In packages, 25 lbs or more in weight, 100 lbs.	15c	6%
In packages less than 25 lbs in weight	25%	6%
Malleable castings	27½% or 17½%	6%
Grey iron castings	27½%	6%
Cement, 100 lbs.	8c	6% or 8c whichever is the lower rate.
Chain, 1⅛ in. in diameter and over	5%	5%
Chain, other	20%	6%
Chalk	17½%	6%
Charcoal	17½%	6%
Chisels	30%	6%
Core compound	17½%	6%
Core oil	17½%	6%
Cotter pins, steel	30%	6%
Cotter pins, wooden	25%	6%
Crucibles, steel	30%	6%
Dowel rods and dowels:		
Wooden	25%	6%
Steel	30%	6%
Brass	30%	6%
Drills	30%	6%
Drill chucks	27½%	6%
Duck, cotton	20%	6%
Emery cloth	25%	6%
Emery wheels	25%	6%
Files	30%	6%
Fire brick	15%	6%
Fuel Oil, gal.	½c	½c or 6% whichever is the lower
Gaskets, metal insertion	35%	6%
Gaskets, rubber	27½%	6%
Gears, cut and dressed—		
For binders	10%	6%
For threshers	15%	6%
Glue	27½%	6%
Goggles	30%	30%
Grease	17½%	6%
Grease cups	12½%	6%
Grindstones—		
Over 36 in.	15%	6%
Under 36 in.	25%	6%
Helicoid flights	10%	6%
Hinges, brass	30%	6%
Hinges, iron or steel, 100 lbs.	75c and 25%	6%
Hacksaw blades	27½%	6%
Iron, galvanized sheet	12½%	6%
Knives—		
For Reapers, etc.	10%	6%
Ensilage, for feed cutters	15%	6%
Lead scrap, lb.	1c	1c or 6% whichever is the lower
Lock washers	30%	6%
Lumber, planed on more than one side	25%	6%
Machinery, and parts for plant	27½%	6%
Motors for harvesters	10%	6%
Nails, 100 lbs.	60c	6%
Nuts	75c and 25%	6%
Oil cups, brass	30%	6%
Oilers	30%	6%
Pig iron, net ton	$2.50	Free
Pipe	30%	6%
Plaster of Paris, 100 lbs.	12½%	6%
Plowbeams, ton	$7.00	6%
Plumbago	10%	6%
Pulleys for threshers	15%	6%
Pulleys, belt	27½%	6%
Rubber Hose	35%	6%
Sand paper	25%	6%
Rivets, 100 lbs.	75c and 25%	6%
Rope	25%	6%
Saws	30%	6%
Saws, band and circular	27½%	6%
Scrap cast iron, ton	$2.50	6%
Screws of all kinds	35%	6%
Seats, steel	30%	6%
Complete parts for mowers, binders and harvesters	10%	6%
Complete parts for other machines	12½%	6%
	15%	6%
Seacoal facing	25%	6%
Shovels, moulders'	32½%	6%
Sieves for harvesters	10%	6%
Soapstone	17½%	6%
Spirit levels	25%	6%
Springs, wagon	17½%	6%
Springs, coil	30%	6%
Staples	30%	6%
Steel, hot rolled, bars, etc. ton	$7.00	Free
Sheet steel, hot rolled	12½%	Free
Steel, cold rolled	12½%	6%
Tags	35%	6%
Tag wire	20%	6%
Taps, machine	27½%	6%
Teeth, harrow	12½%	6%
Teeth, thresher	15%	6%
Tin, sheet	12½%	6%
Tubing, steel	5%	5%
Tools	30%	6%
Tubing, rubber	27½%	6%
Washers, flat steel, 100 lbs.	75c and 25%	6%
Washers, leather	25%	6%
Weighers for threshers	15%	6%
Wax, moulders' vent	10%	6%
Welding compound	17½%	6%
Wire	20%	6%
Wire cable	25%	6%
Wire cloth	30%	6%
Wrenches	30%	6%
Handles, finished—		
Plow	15%	6%
Cultivator	13½%	6%
Hammer	25%	6%
Belting—		
Leather	22½%	6%
Rubber	22½%	6%
Canvas	27½%	6%
Lubricating oils	20%	6%
Kerosene oil, gal.	2½%	6%
Rolls, chilled iron, for grain crushers	15%	6%
Paints—		
White lead, dry	30%	6%
White lead, ground in oil	37½%	6%
Colours, dry, n.o.p.	22½%	6%
Liquid filler, anti-corrosive and anti-fouling paints and ground and liquid paints, n.o.p.	30%	6%
Paints and colours, ground in spirits, gal.	$1.25	6%

[Mr. Robb.]

Material	General Tariff Old Rate	New Rate
Varnishes, Lacquers, Japans, Japan Dryers, Liquid Dryers and Oil Finish, n.o.p... .. gal.	20c and 22½%	6%
All spirit varnishes and lacquers.. .. ..gal.	$1.25	6%
Putty..	25%	6%
Linseed oil.. .. ..100 lbs.	$1.65	6%
Disinfectants..	20%	20%
Garnet paper..	25%	6%
Spring keys..	30%	6%
Lamps (tungsten)..	30%	30%
Moulders' bellows..	25%	6%
Moulders' Riddles..	30%	6%
Transfers..	22½%	6%
Electrical equipment for factory	27½%	27½%

Articles for resale in condition as imported would be subject to the usual rates applicable to such articles and are not admissible under tariff item 445a.

Mr. CALDWELL: Is that another list? I find the list I was complaining of was in Hansard yesterday.

Mr. ROBB: This is another list.

Mr. CALDWELL: I find this list was handed in by the hon. member for West York (Sir Henry Drayton). We have been considering the items in this list, instead of the items in the budget, and I think it is a mistake to have allowed it to appear in Hansard. I think we should go on now and consider the items in the budget.

Mr. ROBB: We will.

Mr. CALDWELL: I do not think these things I have objected to should be inserted in the record of the House, if I may be allowed to express an opinion.

Mr. ROBB: I do not object at all but I again make the statement that in my judgment it is not a complete list, that the articles are not all affected as indicated there. But if the articles do go in to any considerable extent the rate of duty mentioned there is the rate that will be paid.

The CHAIRMAN (Mr. Marcil, Bonaventure): Now we shall go on with the consideration of item 12a.

Mr. ROBB: This is a small item: "Sausage skins or casings, cleaned." The present rates are: 15 per cent, 17½ per cent, and 17½ per cent. We propose to reduce them and the new rates will be: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 17½ per cent. The last item remains as it was before. The reduction in revenue will be approximately $16,998. The importations for consumption during the fiscal year ended March 31, 1923 were: Under the British preferential tariff from New Zealand, $111,471; under the general tariff from Australia $11,143; under the general tariff from the United States $275,540; and under the general tariff from other countries $14,856; a total importation of $413,010. Hon. gentlemen will notice that the change is largely in the British preference. We are adopting this policy to divert this business if we can to New Zealand, and if Australia comes in that country will also have the benefit of the new tariff.

Item agreed to.

Customs tariff—68a. Peanut shells or peanut hull meal for use in the manufacture of explosives: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: This is a very small item. We are making it free in the case of all the tariffs. This material is used for the same purpose as Cassava flour. The present rates are: 15 per cent, 17½ per cent and 17½ per cent.

Sir HENRY DRAYTON: How much business is involved in the year?

Mr. ROBB: As I said a moment ago this material is used for the same purpose as Cassava flour and glycerine. We cannot tell how much business will be brought in. I suppose the manufacturers of explosives will use whichever is the cheapest; they are all imported.

Item agreed to.

Customs tariff—157b. Rum, when imported by the Department of Customs and Excise or by a person licensed by the Minister of Customs and Excise, to be denatured for use in the arts and industries, to be entered at ports prescribed by regulation of the Minister of Customs and Excise, subject to the Inland Revenue Act and to the regulations of the Department of Customs and Excise per proof gallon, British preferential tariff, free; Intermediate tariff, 60 cents, General tariff, 60 cents.

Mr. ROBB: This places rum on the same basis as alcohol to be denatured for use in the arts and industries.

Sir HENRY DRAYTON: What are the present rates?

Mr. ROBB: The rates are $8, $10 and $10. The West Indian agreement provides for 60 cents a gallon preference, and the changes we are making are to conform with that agreement.

Sir HENRY DRAYTON: Is there any loss of revenue?

Mr. ROBB: I would not think so.

Item agreed to.

Customs tariff—180b. Artists' proof etchings unbound, such as are printed by hand from plates or blocks etched or engraved with hand tools and not such as

are printed from plates or blocks etched or engraved by photo-chemical or other mechanical processes, British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ROBB: We have no information upon this because there was no separate classification of imports. There will be a very small reduction in revenue. The present rates are 15 per cent, 22½ per cent and 22½ per cent.

Item agreed to.

Customs tariff—275. Oil when imported by miners or mining companies or concerns, to be used in the concentration of ores of metal in their own concentrating establishments, under regulations prescribed by the Minister of Customs and Excise, British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: The word "petroleum" was struck out of the item. As I intimated yesterday that admits Scotch blast furnace oil. That is the only change.

Sir HENRY DRAYTON: What are the existing tariff rates?

Mr. ROBB: The existing tariff rates are 15, 17½ and 17½ but it is free for the others. Now, Scotch blast furnace oil comes in under the same classification; it is free.

Sir HENRY DRAYTON: I suppose there will be no loss of revenue?

Mr. ROBB: The reduction of revenue will be very small.

Item agreed to.

Customs tariff—348e. Brass or copper tubing, not more than one-half of an inch in diameter, in lengths not less than six feet, coated with metal, and not polished, bent, or otherwise manufactured: British preferential tariff, 5 per cent; Intermediate tariff, 10 per cent; General tariff, 10 per cent.

Mr. ROBB: The present rate is 20, 27½ and 30. We propose to make the rates 5, 10 and 10.

Sir HENRY DRAYTON: What is imported under the preferential tariff now?

Mr. ROBB: Under the proposed rate or the old rate?

Sir HENRY DRAYTON: Under the old rate.

Mr. ROBB: The old rate was 20 per cent.

Sir HENRY DRAYTON: What came in?

Mr. ROBB: There was no separate classification for this. This is a very small item.

Item agreed to.

[Mr. Robb.]

Customs tariff—445. Mowing machines, harvesters, self-binding or without binders, binding attachments, reapers and complete parts thereof: British preferential tariff, free; Intermediate tariff, 6 per cent; General tariff, 6 per cent.

Sir HENRY DRAYTON: I think the old rates there were 7½, 10 and 10.

Mr. ROBB: That is right.

Sir HENRY DRAYTON: My hon. friend mentioned yesterday $21,863 as the reduction in revenue on this item.

Mr. ROBB: That is what I had in my notes, but I notice it had been corrected in red ink to $21,993.

Sir HENRY DRAYTON: That is pretty near.

Item agreed to.

Customs tariff—445a. Articles which enter into the cost of the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, when imported by manufacturers of such goods for use in the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, provided that goods which are entitled to free entry or a lower rate of duty than is mentioned in this item shall not be entered at the rate specified in this item: British preferential tariff, 7½ per cent; Intermediate tariff, 7½ per cent; General tariff, 7½ per cent.

Mr. ROBB: I beg to move that the following be substituted for tariff item 445a:

445a. Articles which enter into the cost of the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, when imported by manufacturers of such goods for use only in the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591. Provided that goods which are entitled to free entry or a lower rate of duty than is mentioned in this item shall not be entered at the rate specified in this item: British preferential tariff, 5 per cent; Intermediate tariff, 6 per cent; General tariff 6 per cent.

Sir HENRY DRAYTON: We have had a discussion already on this item with reference to the list put in. The hon. member for Carleton (Mr. Caldwell) thought that discussion should not have taken place yesterday, and if the hon. member wishes to renew the discussion again to-day I am quite content. However, we did discuss the item properly on the general question and I do not think it necessary to go on with it again, except perhaps to give the minister an opportunity of saying something really definite as to what is intended to be done to these manufacturers. I want to see if he cannot add something to what he has already said.

Mr. ROBB: I cannot add anything more to what I have already said—that they will be given fair consideration. I assure my hon. friend and hon. members that the government is absolutely sincere in its intention to deal

fairly with all manufacturers. As my hon. friend knows, this is not a new principle we are introducing here; it has been in the tariff since 1907. It has applied to binder twine. We propose to deal fairly with all manufacturers.

Sir HENRY DRAYTON: I think my hon. friend will agree with me that it is an entirely new departure to write under the Customs Act a whole series of items. The idea of the act was to look after emergencies which from time to time arise in the business world. It never was intended for the purpose of enabling a Finance Minister to implement what he ought to have done in his budget. I do not think it has been before applied for that purpose or generally in any way. The number of changes going back for a long period of years would not equal this list or anything like it. I think we could go back to confederation and find less action than this list would call for if it is correct. But my hon. friend does not yet tell us on what basis a case is to be made out by those affected. How much employment is to be lost? I prefer to deal with it just simply upon that basis—the daily wage basis, the wages of Canadian workers. The minister will give us no information as to what he, the judge, who is reserving to himself the full function of this House in connection with all these items, thinks will be necessary before a case is made out.

Mr. ROBB: I give my friend this assurance, that we will try to deal sincerely and fairly with all industries, and we will not abuse the rights that are given us under the Customs Act.

Sir HENRY DRAYTON: What does my hon. friend think an abuse would be.

Mr. ROBB: There are abuses of many kinds.

Sir HENRY DRAYTON: Let us have one kind. What does he mean when he says he will not abuse the rights given him. What is that abuse which he is not going to practise?

Mr. ROBB: I will give my hon. friend an instance in connection with an item in the tariff to which I will direct his attention. In the early days when I became Acting Minister there camped on the doorsteps of the Finance department week after week and day after day, until finally I would not see them any more, people who wanted me to make changes by orders in council—changes which I am going to ask parliament to make. That is what I mean. We will not be hasty in making changes by order in council; rather we will wait for parliament, unless there is such an absolute necessity that we realize that it will be in the general interest of Canada to make changes. Is not that a fair basis to start on?

Sir HENRY DRAYTON: I would not think so in this instance, because my hon. friend is advising the House that in the interests of commerce he is going to exercise the powers given to the government under section 286. For what purpose? For the purpose of keeping these other industries going. If it is necessary to do this, I should think the abuse would be if he did not exercise the power. I admit that it is an improper way of carrying on business and that the tariff ought to be fixed by this House. But we cannot get any information; the minister does not know. What he should look upon as an abuse, as I see it, would be allowing these industries to go to the wall, thus causing further unemployment and promoting a still greater exodus.

Mr. ROBB: I will not allow any industry to go to the wall.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—445b. Rolled iron or steel in bars, coils or rods and pig iron, when imported by manufacturers for use exclusively in their own factories in the manufacture of goods enumerated in tariff items 445 and 446: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: I beg to move that the following be substituted for tariff item 445b:

Rolled iron, rolled steel and pig iron, when imported for use exclusively by manufacturers in their own factories for the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591: British preferential tarif, free; Intermediate tariff, free; General tariff, free.

The change really means that rolled iron or steel in bars, coils or rods is changed to read, "Rolled iron and rolled steel."

Sir HENRY DRAYTON: There is also a further extension exempting a lot of other classes.

Mr. ROBB: Affecting some other classes of industry, yes.

Sir HENRY DRAYTON: Certainly. We will not debate that now. What is the British preference, intermediate, and general?

Mr. ROBB: It was by a drawback before; this is a new item.

Sir HENRY DRAYTON: Oh yes, the British preferential tariff is now free. There used to be a tariff—what was it?

Mr. ROBB: On pig iron a dollar and a half a ton, two dollars and a half in the general column.

Sir HENRY DRAYTON: Intermediate the same?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: So it reads: $1.50, $2.50 and $2.50.

Mr. ROBB: On rolled iron and rolled steel it was $4.25, $6.00 and $7.00, or 5 per cent to 7½ per cent, 12½ and 12½. On pig iron the rates are: British preferential, $1.50 per ton; intermediate, $2.50 per ton; general, $2.50 per ton.

Sir HENRY DRAYTON: What would be the estimated loss of revenue?

Mr. ROBB: The estimated reduction in revenue will be $170,000.

Sir HENRY DRAYTON: Where does the product come from?

Mr. ROBB: That would depend on the location of the industry using it; I imagine mostly from the United States.

Sir HENRY DRAYTON: Were there any importations under the British preferential tariff?

Mr. ROBB: It came in under the general tariff.

Sir HENRY DRAYTON: That would be the States then.

Mr. ROBB: Yes.

Mr. WHITE: Mr. Chairman, I want to say at the outset of my remarks that this subject is not a theory for me, it affects the business in which I have been engaged for about 35 years, it affects my life's work, and anything I say will refer not only to the business in which I am particularly interested, but it will also be typical of other iron and steel manufacturing concerns. Of course, we have to bear in mind that the amount of damage done to any industry is in direct proportion to the amount of the output that will be affected by these tariff items. I have had no communication with other makers of this material, and know nothing about what they have in mind, and what I have to say will simply be based on what I know of the business myself. It has been suggested that these appeals have been sectional in their character, but my appeal will be applicable wherever the business of making agricultural implements is carried on and wherever the supplies of raw materials for those implements are made.

[Sir Henry Drayton.]

I should like to say a few words about the treatment of the iron and steel industry during the last few years. Iron and steel bars under the tariff of 1907 were subject to a tariff levy of $7 per ton in the general tariff, $6 per ton in the intermediate and $4.25 per ton in the British preferential. On account of the lowering of tariffs on agricultural implements, the duty on materials, particularly iron and steel, of which I am speaking now, used in their manufacture, has been gradually reduced, thus making the position of the industry gradually worse. In the 1907 tariff, item No. 1002 provides for a drawback of 99 per cent of the duty paid on iron and steel bars entering into the manufacture of binders and mowers. In 1919, another reduction was made in agricultural implement duties, and articles entering into the manufacture of cultivators, ploughs, engines, threshers, tractors, fruit-grading machines, hay loaders and wagons were all made subject to a 30 per cent drawback of duty. In 1922, by item No. 1026, a drawback was provided for of 40 per cent of the duty paid on materials entering into cultivators, ploughs, threshing machines, fruit and vegetable-grading machines, hay loaders, rollers and milking machines. In 1922, under item No. 1027, a drawback was provided for of 30 per cent of the duty on materials entering into the manufacture of portable engines, street and road rollers, and farm wagons. In the same year, item No. 1028 provided for a drawback of 99 per cent of the duty paid on materials entering into gas tractors not over $1,400 in value. In 1923, item No. 1,036 provided for a drawback of duty of 30 per cent on materials entering into the manufacture of stumping machines. Those are about all the reductions that have been made in the iron and steel duties until the present budget. A considerable quantity of fire brick is used in the manufacture of this material and this fire brick was free of duty until 1922. In that year fire brick was placed at 15 per cent duty, so that the industry not only lost the protective duty on the materials I have mentioned, but suffered the imposition of a 15 per cent duty on fire brick. The items now being considered obliterate the duties on rolled iron and steel entering into a long list of implements. There possibly may be some explanation as regards the different opinions that have been expressed as to the effect of this tariff. To begin with, this item included only two items in the tariff. Now, it includes six. In consideration of all those changes, the only allowance given is that proposed in another resolution which provided for again putting fire brick on the free list.

That puts the Canadian rolling mill in the same position as it was two years ago and prior to that as regards fire brick. Therefore in regard to duty, that item will cost just the same as it did before.

The gradual reduction in duty and all these changes in the tariff have had an effect on the iron and steel industry. In the early history of the iron and steel industry—in 1883—a bounty was provided for under certain circumstances. Those bounties were continued in various ways until 1910, but in all those years the industry had been developing gradually, and notwithstanding the fact that the bounties were abolished in 1910, there seemed to be no particular halting in the industry; it seemed to be fairly well established on that basis. The protective tariff then was just about enough to keep the industry going.

I should like to give a few figures showing the development of the iron and steel industry in Canada. I have here Metal Market Statistics, published March 1, 1924, by the American Metal Market and Iron and Steel Report of New York city. This company issuing this publication is recognized as an authority on such matters. This is a compilation of statistics dealing with the production of iron, steel and other metals in the United States and Canada. The latest compilation is for the year 1922 and it goes back for many years. First I shall refer to pig iron. The production of pig iron in Canada in 1922 was lower than in any year since 1904. It was lower than the production in 1921 by 40 per cent. The steel production of Canada was the lowest in 1922 that it had been for seventeen years: in fact, we have to go back to 1905 to find a year in which the production was lower. The production in 1922 was 38 per cent lower than in 1921.

Mr. ROBB: Has my hon. friend the figures for 1923 and 1924?

Mr. WHITE: No; 1922 was the last year for which I could secure the figures. This is evidently all that has been compiled, because this is of date March 1, 1924. As to the development of the same class of business in the United States, I have not the figures on pig iron, but I have the figures on rolled iron and steel. If we take the same seventeen years to which I referred in connection with the figures covering Canadian production, the 1922 production in the United States exceeded the production for twelve of those years, and in 1922 the increase was 56 per cent over the production of 1921, as compared with a falling off in Canadian production of 38 per cent.

The Iron Age, another authority in the United States, well recognised, states that in 1922, 760,000 tons of rolled iron and steel were exported into Canada from the United States. I have heard many members on both sides of this House grow eloquent about the duty which devolves upon us of developing our natural resources and the prospect of its accomplishment. The matter was referred to in the debate on the Speech from the Throne, by the hon. member for Nipissing (Mr. Lapierre) who seconded the Address, by the Minister of the Interior (Mr. Stewart) and by many members of the Progressive group. It seems to me that the iron and steel industry is not in a position to develop under present conditions. I want to quote a letter I received a few days ago from a friend in Cleveland, a Canadian who found it to his advantage some years ago to go to the United States. The letter is dated May 9, 1924, and reads:

> The demand in Canada for certain products is much less than in the States, giving the American manufacturer the advantage of large production. . . . . If Canada could only develop her natural resources to a greater extent they would become a serious competitor to the States. . . . My personal impressions based upon 20 years of business experience are that the country that is protected with high tariffs has a better opportunity to maintain prosperity than one such as Great Britain that is affected by foreign competition. . . . Canada has tremendous natural resources and a great future. I think in the past the government has given preference to the agricultural interests instead of the manufacturers. More inducements should be given the manufacturers of Canada so that they can compete with those of other countries. We are now exporting large quantities of goods into Canada and taking money away that never returns.

Under this item, which provides for the free entry of iron and steel bars for certain purposes, there is no British preference available. Some may contend that it simply means that competition between the European, the American and the Canadian mills will be on an even basis, but I cannot subscribe to that opinion. The Canadian mills are faced with the same conditions, of depreciated currency and lower wages in Europe, as all other lines of industry in Canada at the present time. There is nothing that I know of which has been proposed by this government to remedy the situation, particularly in regard to the depreciated currency. As compared with the American industry, the Canadian manufacturer is at a disadvantage, inasmuch as the American pays no sales tax on anything. The American pays no duty on coal; he pays no duty on machinery or supplies. The Canadian mills are of course situated in various parts of the country and get their coal from various sources. The British Empire Steel Company has its own coal supply and, I believe, supplies to some extent the mills in

Montreal. I am told too that the Montreal mills use some Pittsburgh coal as well. There is a mill in Belleville which uses American coal entirely, and the Steel Company of Canada at Hamilton also uses American coal. The mill in London uses American coal, and the mill in Winnipeg, I am told, uses partly American and partly Canadian coal, the difference being possibly in favour of Canadian coal. Now, the American coal that is used here is subject to a duty of 14 cents per ton on slack and 53 cents per ton on lump. With the present price of slack ranging between $1.40 and $1.50, that specific duty of 14 cents works out at 10 per cent; and the price of lump being about $2.50, varying somewhat, the duty of 53 cents per ton is equivalent to 22 per cent. The Canadian mills are also called upon to pay a duty of 27½ per cent on the rolls they use, which is a large item; as well as on machinery repair parts. They pay a sales tax on all the articles I have mentioned, in addition to all brass and iron castings, oils, grease, beltings, and the hundred and one other things which are essential to an industry of the kind.

The minister has assured us that he does not want to injure industry and is quite willing to take into consideration any claims that may be made by the representatives of any industry concerning the effect of the tariff changes. The implied intimation is, I suppose, that some changes may be made by order in council. But no such changes can be made until after the close of this session, and I am advised that the duty on coal cannot be effected by order in council in any case; it can be altered, I take it, only if the minister takes power to himself at this session to make any necessary changes by order in council. As the matter stands at the present time, under the Customs Act no order in council can be passed affecting the duty on coal. Considering the figures which I have quoted in regard to the duties paid by Canadians, and the fact that no such duties and no sales tax are levied on American mills, I cannot see how the minister can argue that the Canadian mills have been treated fairly. The Canadian mill is up against American competition right now; there is no doubt about that. I have a letter which I have received from a western Ontario manufacturer of agricultural implements and which I shall read to the committee. It is dated May 7.

> We will shortly place our order for material for our threshers, and as the most of this is now admitted free, under the new tariff regulations, before placing any orders we would like to know if you are going to meet the new situation by quoting a price to compete with the American prices laid down here. We would like to keep all our business in Canada, if possible, but the new tariff regulations seem to be framed with the view of driving it out of the country instead of holding it here.

I think the minister would be well advised to consider carefully the facts I have submitted to the committee and at least to make some changes which will permit these businesses to continue and make an even break, if they cannot do more, on this portion of their activities. The average reduction of duty on implements is about 5 per cent, and that, I believe, from recent figures quoted, is more than taken care of in the reductions which have been conceded on the duties on raw materials. These figures were put on Hansard on May 21, by the hon. member for Vancouver Centre, and I need not repeat them. If this resolution passes it will have the effect of removing a very small protection from the Canadian mills and providing instead a protection or a premium, whatever you like to call it, on American goods. It strikes me that, if the sales tax had been removed on more articles, just as great a reduction in the cost of living might have been effected as by the changes which have been made in the tariff schedules now under consideration. I contend that the reduction in this item of iron and steel bars has been too drastic and that considerable damage will accrue to Canadian industry. Mr. Hobson has been quoted; he represents a very large corporation which produces steel and iron on a considerable scale. Their works are equipped with blast furnaces open hearth plants, blooming mills, and all the other appurtenances required to turn out a large quantity of material—including fish plates, tie plates, and many other articles that are not affected by these resolutions. I do not know to what extent their output is affected, but the proportion cannot be very great: Hence his optimism so far as his business is concerned. I appeal to the sense of fairness of the minister to see that Canadian industries are treated fairly. I estimate it would take a tariff of probably 6 or 7 per cent to counterbalance the taxes and the duties to which the Canadian producer is subjected. The minister might very well consider whether some duty might not be left on this item so that the disability I have tried to explain will not exist to the detriment of the Canadian mills. Under the resolution as it stands, the Canadian mills, so far as this portion of their output is concerned, will be much worse off than if absolute free trade were in existence.

5 p.m.

Mr. ROBB: I have had the advantage and the pleasure of several talks with the hon. member for London (Mr. White) with regard to these duties as they affect steel, and I am bound to say he appealed to me as a man who was exceedingly well posted on the steel business of Canada. As regards the industry with which he himself is associated and industries of a similar character throughout Canada I thought he made out a case for very careful consideration, and I say to him now that we will carefully look into the representations he has made to us. That does not mean, of course, that we are prepared to make any change in the resolution at this time. I hope my hon. friend will accept that statement in good faith and rely upon the government to do what is fair. My hon. friend quoted some statistics a moment ago from a publication in New York, which he said he regarded as a reliable publication, affecting the iron products of the world, I imagine.

Mr. WHITE: The United States and Canada.

Mr. ROBB: He quoted the production for the years 1921 and 1922, and I am not sure whether in giving the statistics for Canada he was quoting the fiscal year or the calendar year.

Mr. WHITE: That would be the calendar year.

Mr. ROBB: He said that the production in the years 1920, 1921 and 1922 were the lowest since 1905. What was the low year?

Mr. WHITE: It was 1922.

Mr. ROBB: I would remind my hon. friend that there was a change of government in the first part of 1922. I would like to put on Hansard certain statistics I have so that the Canadian public may compare them with those my hon. friend has just submitted.

Mr. WHITE: The figures I quoted referred to ingots and castings.

Mr. ROBB: I hold in my hand an official publication of the Dominion Bureau of Statistics dated February 25, 1924, so that it is pretty nearly up to date. It says, with regard to pig iron:

> The production of pig iron in Canada from domestic and imported ores during 1923 was 880,018 long tons valued at approximately $20,117,000 as compared with 383,057 tons in 1922, an increase of 496,961 tons, or 130 per cent.

Then, steel ingots and castings:

> The cumulative production of steel ingots and castings in Canada for the twelve months ending December was 884,770 long tons or 82 per cent over the output of 485,643 tons for the year 1922 and 33 per cent over the 667,484 tons in 1921.

So my hon. friend, who is in that business, will be glad to know that the scale is running up and that the business is increasing. I repeat that I will carefully look into the observations he has made.

Mr. WHITE: I do not wish to quote too many figures, but I may point out that the figures that my hon. friend gave for 1922 were practically the same as those that I gave.

Mr. ROBB: I am not disputing the figures, but I took them up to 1923.

Mr. WHITE: It shows that my figures were fairly reliable. I appreciate the minister's disposition to look into the matter. He has not, however, made any statement with regard to his taking power to deal with the question of fuel. He intimates that he may be disposed to correct the disability under which industry is labouring. If the duties were all removed on the articles I have mentioned it would not be enough to make up for the reduction the Canadian mills have suffered by this tariff item. That is why I am extremely anxious that the minister should consider the matter of the price of fuel and also that of taking power to change the duty to whatever point he may see fit before the next session.

Mr. ROBB: I may say that my colleague, the Minister of the Interior (Mr. Stewart), under whose department the mines and minerals come, has under consideration the question of fuel, and I imagine he will be prepared to submit some recommendations before the close of parliament which we hope will cheapen the coal to all the people of that part of central Ontario where coal is high.

Mr. COOTE: While we are putting on Hansard the figures in regard to the steel industry I would like also to give some figures in connection with the Steel Company of Canada, Limited, mentioned by the hon. member for London (Mr. White). I find in the issue of the Farmers' Sun of October 15, 1921, a statement with regard to the amount of watered stock in some of our Canadian concerns. With respect to the Steel Company of Canada, Limited, the table shows that this company is made up of an amalgamation of the following concerns: Hamilton Steel and Iron Company, Canada Screw Company, Canada Bolt and Nut Company, Montreal Rolling Mills, and the Dominion Wire Manufacturing Company. Their

total capitalization had been $9,969,500 at the time of the amalgamation, a considerable portion of this amount being represented by common stock. The stock issued to these different concerns by the Steel Company of Canada at the time of the amalgamation consisted of the following: Common stock, $11,500,000—

Mr. McMASTER: The promoters took most of that.

Mr. COOTE: Preferred stock, $6,496,300; bonds, $7,500,000, a total of $25,496,300. That is a statement of the stocks and bonds issued upon the amalgamation in payment of the properties of these other companies, which had a total capitalization of $9,969,500. In other words, this $9,969,500 grew almost overnight, or in the process of a week, to $25,496,000, and the Steel Company of Canada are now endeavouring to make earnings enough to pay dividends on this immense amount of water that was injected into their stock at that time. According to their last statement which I find in the Journal of Commerce of May 15, 1924, they are succeeding wonderfully well. Here is the statement:

Manufacturing profits for the year ending December 31, 1923, after deducting charges for repairs, maintenance and providing for income tax, 1923, but before providing for depreciation and bond interest		$2,996,580 10
Interests and income from securities and investments		287,887 71
		$3,284,467 81
Less Reserves—		
Bond sinking fund	$277,651 52	
Depreciation	677,236 93	
		954,888 45
		$2,329,579 36
Less interest on bonds		441,962 96
		$1,887,616 40
Less Dividends—		
Preferred at 7 per cent per annum	$454,741 00	
Ordinary at 7 per cent per annum	805,000 00	
		$1,259,741 00
Surplus for the year		$ 627,875 40
Balance brought forward December 31, 1922		7,942,372 35
Balance profit and loss December 31, 1923		$8,570,247 75

Certified correct,

Riddell, Stead, Graham & Hutchison, C.A.,
Auditors.

I think, Mr. Chairman, that if we got at the real truth of the matter we would find that part of the preferred stock was water. The ordinary or common stock at 7 per cent per annum is apparently all water. I would like to draw to the attention of the committee the fact that this steel company has now accumulated securities and investments on which their yearly interest amounts to $287,000, and I notice that in their current assets they have $2,499,164 invested in Victory and War Loan bonds. I presume this amount is largely, if not altogether, free from income tax. So far as this one steel company is concerned, it is in a very splendid position, and it is rather strange that we should have heard so much pessimism expressed in this House in regard to the steel industry. It is really almost incomprehensible. The record of this company is really wonderful, when they can in these hard times pay a 7 per cent dividend on something over $11,000,000 of water, and at the same time be able to carry over a balance exceeding $8,000,000.

Mr. WHITE: I suppose the remarks of the hon. member for Macleod were intended to be an answer to what I have put on Hansard. The hon. member must recall that the war has intervened, and that during the progress of the war the companies who make the larger kinds of steel were flooded with orders; they increased their capacity very greatly, and made very large profits. The statement my hon. friend has read I know nothing about. I know nothing about whether they have any watered stock or not, but I do say that that statement does not indicate the probable progress of the company considering the changes made in the tariff, and the future as it stares us in the face at the present time.

Mr. McMASTER: Would the hon. member care to answer this question before he sits down? He read a very interesting letter—from one of his customers, I take it—in which the customer asked him whether he was prepared to meet the new conditions. Would it be unfair to ask the hon. member whether he was prepared to meet the new conditions?

Mr. WHITE: I will read the reply, for the hon. member's benefit:

We have your favour of May 7th in regard to material for threshing machines. As the situation stands at present we are rather uncertain as to just what relief we are going to get. The government, we believe, has under consideration some relief for the steel mills, and if this comes through we shall probably be in a position still to retain your business.

Item agreed to.

Customs tariff—446. Cultivators, harrows, horse-rakes, seed-drills, manure spreaders and weeders and complete part thereof: British preferential tariff, free; Intermediate tariff, 7½ per cent; General tariff, 7½ per cent.

Mr. ROBB: The present rates are 10, 12½ and 12½ per cent. We propose to make the rates free for the British preference, 7½

and 7½ per cent. The estimated reduction in revenue is $10,277. There was imported for consumption during the fiscal year ending March 31, 1923, a total of $205,554, of which $442 was from the United Kingdom and the balance from the United States. The Canadian production for the calendar year 1920, which are the last figures available, was $7,534,254, and there was exported $1,433,772 worth.

Item agreed to.

Customs tariff 446a—Traction ditching machines (not being ploughs) adapted for tile drainage on farms, valued by retail at not more than three thousand five hundred dollars each, and complete parts thereof for repairs: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: This is to increase the value for admission. These machines are admitted free under the act as at present, but only up to the value of $3,000. We propose to increase that to $3,500 to meet the increased cost of production and improvements in the machines. Just in that connection may I remind my genial friend that in 1913, when this government was not in power, this concession was made admitting these machines free. In 1914 the act was amended by admitting the parts free, but there was no consideration at that time such as we are giving now to the implement manufacturers in Canada. I just say that by way of reminding my hon. friend that we are trying to do what is right.

Sir HENRY DRAYTON: Is it my hon. friend's suggestion that we did what was wrong before?

Mr. ROBB: No, we are profiting by the experience of the past.

Sir HENRY DRAYTON: I do not know that you have profited very much if your experience has been the same as ours, or that the country was helped very much at that time. I think you will find you are wrong altogether.

Mr. ROBB: Does my hon. friend think we are making a concession that will not be appreciated?

Sir HENRY DRAYTON: I do not know. That has not been our experience, nor has it been our experience that the country has been helped.

Mr. KELLNER: Does this apply to a ditching machine that is not drawn by horse power?

Mr. ROBB: This only applies to the traction ditching machine, I am told.

Sir HENRY DRAYTON: It does not apply to ploughs at all.

Mr. KELLNER: I should like to ask the minister why he discriminates against the machine that is drawn by horse power?

Mr. ROBB: Does my hon. friend say that ditching machines drawn by horses are used to any extent in Canada?

Mr. KELLNER: I not only say that, but I think I sent the minister a letter about it very recently making a request that these machines be admitted free. I am sorry he has not paid any attention to my request. I further understand that practically the only ditching machine that is used in agricultural districts is drawn by horses. It is used extensively in the spring for draining rolling land, and I think in many sections it enables the work of seeding to start a week or ten days earlier than would otherwise be possible. I submit in all fairness these machines should be admitted free along with the others.

Mr. CALDWELL: Are they made in Canada?

Mr. KELLNER: No, they are not made anywhere in Canada. The traction machine could not possibly be worked over such ground as I have in mind because the soil would be too soft to carry the engine.

Mr. ROBB: I will look into the matter again.

Mr. WARD: Is it not possible there may be a misunderstanding. There is a ditching machine and there is a grading machine. Possibly there has been some confusion of terms.

Mr. ROBB: At any rate I will look into the matter.

Mr. FANSHER: I wish to correct a misapprehension on the part of my hon. friend (Mr. Kellner) who has just spoken. I think perhaps he is in error when he says that practically the only ditching machine that is used in agricultural districts is one drawn by horses. In Ontario a large number of traction ditching machines are used for making trenches for tile drains. I think the ditching machine that the hon. member refers to is what is known as the Martin ditcher. It is something in the shape of a double mould plough and does not cost anything near the amount that one of these power driven machines costs.

Item agreed to.

Customs tariff—446b, ploughs and complete parts thereof, British preferential tariff 5 per cent; Intermediate tariff, 10 per cent; General tariff, 10 per cent.

Mr. ROBB: The present rates are 10 per cent, 15 per cent and 15 per cent. We propose that the new rate shall be 5 per cent, 10 per cent and 10 per cent. The estimated reduction of revenue is $35,436. There was imported for consumption during the fiscal year ending March 31, 1923, $708,769, of which $40 came from the United Kingdom.

Sir HENRY DRAYTON: All the rest of the importations from the United States?

Mr. ROBB: Yes, all the rest from the United States. The Canadian production in 1920 was—I want my hon. friends to listen to this—$4,773,593, and the exports of 1921 were $3,628,385.

Mr. McMASTER: Three-quarters of the total production exported?

Mr. ROBB: Yes, in that year. The production in 1922 though dropped considerably. The production in 1922 was $1,696,589, and the exports in that year amounted to $1,086,411.

Sir HENRY DRAYTON: What were the figures last year?

Mr. ROBB: I have not got the figures for last year.

Mr. McMASTER: When the minister states that the loss of revenue will be so much, is that reckoning the importation to be the same as the year before?

Mr. ROBB: Yes.

Mr. EVANS: This machinery should have been placed on the free list. Those who are using these implements have to compete with their products with cheaper labour in the world's market, and it would be only fair to place an implement like this, which is so largely used in agriculture, on the free list. During the war the price of this machine went up about 90 per cent and has not come down to any appreciable amount, although steel is cheaper than at the time the raise took place. To-day the agriculturist is in a state bordering on despair owing to the shortage of ploughs. Throughout the three prairie provinces the old implements have been patched up during the last five or six years and owing to the want of new material, agriculturists are conducting their operations in a way that is far from economical. I would urge the minister to consider placing this implement on the free list.

Mr. ROBB: From a first glance at the exports it would look possibly as though there might be something in what my hon. friend has said, but I think it has been clearly demonstrated here this afternoon that when you make a change with respect to one article you are also affecting a long list of raw materials that go into its manufacture. It seems to me what we propose here is a pretty fair concession.

Mr. LUCAS: Would the minister explain why there is such variation in tariff rates as between different agricultural implements?

Mr. ROBB: The question of raw material has to be considered. For example, there is more steel used in the manufacture of a plough than a threshing machine.

Mr. WARNER: Are there any ploughs coming in from England under the preferential tariff?

Mr. ROBB: The importation last year amounted to $40.

Mr. COOTE: Would the minister be good enough to explain why he reduces the duty on grain separators and parts to 10 per cent and makes no reduction in the duty on steam tractors and large gasoline tractors costing over $1,400 which are necessary to furnish the motive power for threshing.

The CHAIRMAN: That has no reference to this item at all. Shall the item carry.

Item agreed to.

Customs tariff—447a. Gas or gasoline traction engines for farm purposes, valued at not more than fourteen hundred dollars each, and complete parts thereof; traction attachments designed and imported to be combined with automobiles in Canada for use as traction engines for farm purposes and parts thereof for repairs: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: I have an amendment to propose that the word "repairs" be struck out and the word "complete" be added before the word "parts".

Sir HENRY DRAYTON: What was the revenue from parts now made free?

Mr. ROBB: There was not anything.

Sir HENRY DRAYTON: Nothing collected?

Mr. ROBB: No, sir.

Mr. CALDWELL: The words "complete parts" take the place of the word "repairs"?

Mr. ROBB: Yes.

Mr. CALDWELL: What is the effect of that?

Mr. ROBB: It broadens out the item.

Mr. CALDWELL: Would you not take it to mean that a man had to get complete parts to entitle him to the reduction?

Mr. ROBB: No, it is simply broadened out for administrative purposes.

Mr. COOTE: What is the rate of duty on tractors costing more than $1,400?

Mr. ROBB: The duty is 12½ and 17½ per cent.

Mr. COOTE: Can the minister give any reason to justify his action in putting tractors under $1,400 on the free list, and leaving large tractors subject to 17½ per cent duty?

Mr. ROBB: I think this is a fair concession and that it is based upon the requirements of the country.

Mr. COOTE: Does the minister say he has made any concession in regard to large tractors?

Mr. ROBB: No, I take this item as I find it. I am broadening out the importation of parts.

Mr. COOTE: Mr. Chairman, I would point out to the minister that his attitude is a little unreasonable and that his answer is not very satisfactory to the people who must buy these tractors for their threshing outfits. One man in my constituency told me last year that he had paid $1,100 hard cash in duty alone on a large tractor. These large outfits wear out and must be replaced, and with grain at its present price the threshers cannot afford to pay the prices now being asked for large tractors. Let me draw the minister's attention to this fact. Last year, although we raised 70,000,000 bushels of wheat in the West more than in 1922, the estimated return was $25,000,000 less. The farmers must have cheaper threshing outfits. The present duty on these large tractors is prohibitive.

Mr. ROBB: Mr. Chairman, I will look into what my hon. friend has said. But let me say to him that western Canada is not suffering because of increased cost of threshing outfits due to the tariff; it is suffering from higher labour costs. In 1911 grain was threshed in western Canada for six cents a bushel, and last year the cost had risen to thirteen and fourteen cents a bushel—not on account of the tariff, but because of the increased cost of labour.

Mr. COOTE: Mr. Chairman, we were suffering in 1911 from the duty, but we were in a better position to stand it than we are to-day. With the price of wheat and other grains so low we cannot stand the present prohibitive tariff on large tractors. I cannot see how the minister can justify his attitude in putting the small tractors on the free list and retaining a duty of 17½ per cent on large tractors, and only 10 per cent on ploughs, 10 per cent on grain separators and 6 per cent on binders. It is just as necessary to have a tractor to run the separator as it is to have the separator itself; you cannot run the latter by hand power. It is not helping the farmer to meet the situation for the minister to say that the trouble is due to the increased cost of labour.

Mr. ROBB: It is largely due to the increased cost of labour.

Mr. FANSHER. What is the proportion of tractors under $1,400 that come in as compared with tractors valued over that figure?

Mr. ROBB: I have not that information handy. but I will have it looked up for my hon. friend.

Mr. CALDWELL: Allow me to revert to complete parts. I am still not clear on this, and I do not think it will be clear to the customs officials. Why not say "and all parts thereof for repairs"? If you take this literally, it means that a man would have to buy complete parts before he would get them free.

Mr. ROBB: It is the same wording as we have had in connection with agricultural implements, and I have never heard of any complaints there.

Mr. CALDWELL: If you will assure us there will not be any trouble, we will be satisfied.

Mr. ROBB: Yes.

Mr. MILLAR: I would add to the appeal made by the hon. member for Macleod (Mr. Coote). In principle, in regard to such things as motor cars, it would seem to be wise to distinguish between those that are expensive and those that are low priced; but when it comes to threshing machines it is otherwise, because the poor man must engage a threshing outfit consisting of a large engine and a large threshing machine. I know of cases in the last two or three years when the costs of threshing have been so high that the thresher was ashamed to take payment and voluntarily made concessions, because he saw the bill would take almost the value of the entire crop. I think it would be well for the minister to give serious consideration to this matter. What he has said about the increased cost of threshing being largely due to the increased cost of labour is in part true, but that is something we cannot entirely control, and I cannot see any hope in

the very near future that that cost is going to be materially reduced. I think the minister has it within his power now to materially reduce the cost of threshing by removing a part of the protection on large threshing outfits.

Mr. ROBB: For the information of my hon. friend from East Lambton (Mr. Fansher), the importations of tractors that came in free were $2,854,428, while the importations dutiable—which my hon. friend from Macleod (Mr. Coote) complains of—amounted to $129,169. I will look into the observations of my hon. friends and consider them later.

Mr. CALDWELL: What was the production in Canada of the same engines?

Mr. ROBB: I have not got that information.

Mr. CALDWELL: I think it will be generally admitted that the tariff which increases the price of the imported machine also increases the price of the machine made at home. Therefore if we had the home production we would know how the duty affects the man using the large tractor.

Mr. ROBB: I will get the information.

Item agreed to.

Customs tariff—447b. Wind-stackers, and threshing machine separators, including baggers, weighers and self-feeders therefor, and complete parts thereof: British preferential tariff, 5 per cent; Intermediate tariff, 10 per cent; General tariff, 10 per cent.

Mr. ROBB: The present rates are 10, 15 and 15 per cent. We are reducing them to 5, 10 and 10 per cent. The estimated reduction in revenue will be $112,907. The imports for consumption during the fiscal year ending March 31, 1923, were $2,258,156—all from the United States. The Canadian production in 1920 was, $3,818,080. The exports for 1921 were $818,052.

Mr. GOULD: I think every argument adduced by the hon. member for Macleod is applicable to this item, particularly to the threshing machine. I have often wondered why, when consideration was given in 1914 to tractors under $1,400, it was not extended to the partner machine, that is the separator necessary to complete a threshing outfit with that class of engine. Back in the early days—I am speaking now of the West—we had generally very very large threshing machines, and the labour market in those days provided sufficient men to operate them. I remember in the early days when threshing did not cost even six cents a bushel, but of course later on the cost increased materially. In passing, I want to call this to the attention of the minister, that because there is a cost of 6, 10 or 15 cents a bushel for threshing, it does not necessarily mean that that is the total cost, because over and above that we have to provide feed and board for ten or twelve and sometimes even as many as eighteen or twenty men. So the cost of 6, 10, or 15 cents a bushel does not represent the actual cost to the farmer. When the established farmer sees the necessity, he is obliged to secure the smaller outfit which he and a couple of hired men whom he engages in the harvest can handle completely, having his wagons there, and it is only a matter of justice that this government should now make provision for the size of separator that would correspond well with the tractor that is now let in under the $1,400 valuation, making a cheaper unit for the individual. I feel quite sure that the revenue would be increased as a result, simply because so many farmers throughout the country would purchase these separators, making the complete threshing outfit, whereas at the present time the tendency is for farmers, who think they may have work for the small tractor, to go out of the business. This would keep up the sale of the tractor and also increase the sale of the separator. Through that it would increase the revenue to the country. I hope the minister will take that into consideration. It is quite serious to us in the West.

Mr. FORKE: I notice that in this list you have baggers at 6 per cent duty and on the other list the duty is 10 per cent. There must be some mistake on one of the lists. I see that one is the selling price to the purchaser. I see the difference.

Sir HENRY DRAYTON: Perhaps the hon. member for Assiniboia (Mr. Gould) will show us how we are going to help the revenue by the addition of free separators to these free tractors. It will be interesting.

Mr. GOULD: We have heard complaints in this House, in fact, figures have been cited many times, not only this year, but in previous years, that we are not able to pay our share of income taxes. If we have some cash to ourselves, as we have a right to expect the same as other industries, possibly we may be able to meet our obligations. Until that time arrives and we are not allowed to retain to ourselves our proper share of the revenue produced, we shall feel injured and consequently be open to the charge that we do not pay our share of the

income tax. We are hoping for the day—and the smile which is always upon the face of the hon. member for West York (Sir Henry Drayton) means, I know, that he believes, as I do, that the day is not far distant—when we shall be out of the sad condition we are in at the present time and able to hold our end up.

Sir HENRY DRAYTON: If such a little thing as that would result in my hon. friend paying income tax, I think we would all hold up both hands for it. I am afraid this will work out that a number of other people will be prevented from paying income taxes. The collections are coming down anyway.

Mr. GOULD: I should like a statement from the minister whether the government have considered the question which I have brought up.

Mr. ROBB: The government carefully considered these items from all angles before bringing down this legislation, and we propose to stand by this legislation as it is.

Mr. FORKE: The list says "the following articles when imported by manufacturers of goods". It goes on to enumerate the goods. Amongst those is a bagger for a separator.

Mr. ROBB: I suppose the inference must be, if my hon. friend will allow me, if it is imported by the manufacturer to go into the machine.

Mr. FORKE: But is it imported as a whole as a bagger?

Mr. ROBB: I do not think so.

Mr. FORKE: The list says: "The following articles when imported by manufacturers of goods."

Mr. ROBB: It might be.

Mr. FORKE: Then, why should the duty be 6 per cent in the one case and then when he puts the bagger on the separator, the duty becomes 10 per cent?

Mr. ROBB: The general item is in this for this reason: We are making a balancing of concessions. In considering the reductions we are making on all agricultural implements and then the reductions on materials that will go into those, my hon friend will realise that we must strike a balance. We cannot afford to put the manufacturers of agricultural implements out of business altogether. We must strike a balance, and they will probably gain on some items what they will lose on others.

Mr. FORKE: I do not see that.

Mr. WARD: I am sure the minister wants to be fair, and I hope he accepts the criticism from this corner of the House in the spirit in which it is intended. When he speaks so emphatically as he did a few minutes ago, it is hardly fair. We want to be consistent in these matters, and I think the remarks that have been directed from this corner of the House during the last few minutes are with the intention of pointing out what we consider to be inconsistencies. The minister said a few minutes ago that the tariff was no higher to-day that it was in 1911. That is true, on the price; but the price of a separator is almost double what it was in 1911. I know the minister in his capacity cannot affect the price that may be charged; nevertheless this is one of the burdens of farmers throughout the country, and I think the remarks of the hon. member for Assiniboia (Mr. Gould) were very well directed to this matter. I think the matter might well be reconsidered.

Mr. ROBB: I admit that the cost of implements has gone up. I said a few minutes ago that the cost of implements is one of the contributing factors, but that, in my judgment, the increased cost of labour has added materially to the cost of threshing.

Sir HENRY DRAYTON: As regards the increased cost of labour, has the minister gone into the question, for example, in connection with the calculations made in the United States? Does he agree with, or is there any foundation for, the statement that it costs 42 cents a bushel less to raise wheat in Canada than it does in the United States? Has he gone into that question at all in connection with these costs? I am aware that there is an average difference upon the same average haul. What I mean by that is this: If you take the crop of Canada and move it at the American rate, there would be a resultant additional expense, if I remember rightly, of nine decimal something cents a bushel to the Canadian farmer. That is one of the things that the American authorities, I think, have considered in that calculation, but it falls very short of establishing a difference of 42 cents in favour of the Canadian farmer. it seems to me that this is a matter which the government should take cognizance of one way or the other.

Mr. ROBB: The statement just made by my hon. friend as to the relative cost of producing wheat in Canada and the United States may be absolutely correct. I am not disputing that.

Sir HENRY DRAYTON: I do not know whether it is correct or not. I would be rather inclined to dispute it.

Mr. ROBB: That does not alter the fact that the grain grower in western Canada is not in a good position; that he is not prosperous. We recognize that some concession must be made.

Sir HENRY DRAYTON: I was not arguing that he was.

Mr. CALDWELL: I think I can help the hon. member for West York (Sir Henry Drayton) somewhat in this matter. The New York authorities had an investigation as to the growing of potatoes in Canada and the United States, and they found to their surprise that potatoes could be grown much cheaper in Canada than in the United States. This is how they arrived at that. I pointed out yesterday—and the statement cannot be refuted—that at that time we were paying ten dollars a ton more for fertilizer than in Maine just opposite to us where the test was made. As we use a ton to the acre, that is quite an item before you begin to plant. Our machinery also costs us more; but the way they figured that it costs more to grow potatoes in Maine than in New Brunswick is that they value land at $200 an acre in Maine and $20 an acre in New Brunswick, and they take into consideration interest on the investment. What was the reason why land that was worth $200 in Maine was worth only $20 in New Brunswick, when it was identically the same on either side of the line? These farms extended along the border for some 25 miles on either side and yet there was this disparity in the prices of the land. The reason is simply that they can get more for their crops over in Maine. The farms in Maine yielded no more per acre; the land was no more fertile, and from this standpoint there was no reason for the difference in the respective prices. Owing however, to the fact, as I showed yesterday, that they could get in Maine, for every 5,000 barrels of potatoes they produced, $4,250, more than the farmers in New Brunswick could obtain for the same crop produced on the same area, the land was certainly worth more across the line. Then again the man who planted 50 acres paid for his fertilizer, if the difference was $10 a ton—and I think I showed yesterday that in some cases it was $13.95 in one year—$500 less for a sufficient quantity for that 50 acres than the New Brunswick farmer would have to pay. Nothwithstanding this, it seems that by the usual process of calculation they can figure a cheaper production in New Brunswick than in Maine. There is an old saying that figures will not lie but liars will figure.

Item agreed to.

Customs tariff—448. Spraying machines, fruit or vegetable grading machines, incubators for hatching eggs, brooders for rearing young fowl, pruning hooks, pruning shears, hay loaders, potato-diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, post hole diggers, snaths, milking machines, milking machine attachments; centrifugal machines for testing butter fat, milk or cream; stumping machines and other agricultural implements, n.o.p., and complete parts of articles specified in this tariff item: British preferential tariff, 5 per cent; Intermediate tariff, 10 per cent; General tariff, 10 per cent.

Mr. ROBB: The present rates are 10 per cent, 15 per cent, and 15 per cent; we propose a reduction to 5 per cent, 10 per cent, and 10 per cent. The estimated reduction in the revenue is $23,606. There was imported for consumption during the fiscal year ended March 31, 1923, a total of $452,136, made up as follows:

From the United Kingdom	$ 11,638
From the United States	439,827
From France	252
From Switzerland	342
From the Netherlands	77

Mr. CALDWELL: What was the production in Canada?

Mr. ROBB: I have not the information.

Mr. CALDWELL: Before this item passes I wish to know what production there was in Canada during the past year of spraying machines, fruit or vegetable grading machines, potato diggers, and potato sprayers. I am informed, on what I take to be good authority, that there are none of these articles manufactured in Canada at all; and if that were the case, while I would not have the hardihood to ask the minister to change the schedule which he is now presenting, seeing that he had made a good reduction this year, I would ask him to look into the matter carefully, because if none of these machines are made in Canada, as I am informed by a farm machinery firm that there are not, the minister might consider seriously putting these items on the free list.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: Customs tariff, item 448, spraying machines, and so forth.

Mr. ROBB: The present rates are 10 per cent, 15 per cent and 15 per cent. We propose to reduce these to 5 per cent, 10

per cent and 10 per cent. The estimated reduction in revenue will be $23,606. The value of the imports for consumption during the fiscal year ending 31st March, 1923 was $452,136, of which $11,638 was from the United Kingdom, $252 from France, $342 from Switzerland, $77 from the Netherlands and $439,827 from the United States.

Item agreed to.

Customs tariff—449. Axes, scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, rakes, n.o.p.; and pronged forks: British preferential tariff, 10 pe rcent; Intermediate tariff, 15 per cent; General tariff, 20 per cent.

Mr. ROBB: The present rates are 15 per cent, 20 per cent and 22½ per cent; we propose to reduce these to 10 per cent, 15 per cent and 20 per cent. The estimated reduction in revenue is $763. The value of goods under this head imported for consumption under the preferential tariff was $8,275, under the general tariff, $13,979, a total of $22,254.

Sir HENRY DRAYTON: From what country were the goods to the value of $13,979 imported?

Mr. ROBB: From the United States, I imagine, under the general tariff.

Mr. EVANS: These tools are in everyday use by all farmers. They went up in price during the war and since; some of them are now over 200 per cent dearer than they were in pre-war days. Considering the state of agriculture; considering that the farmer has to find a price for his products against the competition of the cheap labour of the world, particularly of Europe and of Asia, it is only fair that tools of this kind, which are nothing more than the raw material of the farmer in the production of his goods, should be placed on the free list. I would ask the minister to consider this suggestion. Perhaps he would have the item left over with that end in view.

Mr. ROBB: No, I am not disposed to offer any further reduction at this session. We must keep in mind that the government require revenue for carrying on the affairs of the country. There is a considerable reduction here in the British preferential and intermediate duties.

Item agreed to.

Customs tariff—450. Shovels and spades of iron or steel, n.o.p.; shovel and spade blanks, and iron or steel cut to shape for the same: British preferential tariff, 10 per cent; Intermediate tariff, 15 per cent; General tariff, 20 per cent.

Mr. ROBB: The present rates are 20 per cent, 30 per cent and 32½ per cent; we propose reducing these to 10 per cent, 15 per cent, and 20 per cent. The estimated reduction in revenue will be $2,191. Imports for consumption during the fiscal year ending 31st March, 1923 were: Shovels and spades, under the preferential tariff, $8,107; under the general tariff, $9,821, a total of $18,628. In addition to that there were shovel blanks imported to the value of $661.

Item agreed to.

Customs tariff—450a. Lawn mowers: British preferential tariff, 20 per cent; Intermediate tariff, 30 per cent; General tariff, 32½ per cent.

Sir HENRY DRAYTON: How many lawn mower manufacturing plants have we in Canada, outside of Brockville, and where are the others?

Mr. ROBB: I cannot tell my hon. friend that. There is no change in this item, and the reason for there being no change is that lawn mowers are not implements of production. My hon. friend, I suppose, like myself sometimes regards lawn mowing as a method of taking exercise.

Sir HENRY DRAYTON: I look upon it more or less as a penalty; it used to keep me from baseball.

Item agreed to.

Customs tariff—453b, Machinery for sawing lumber, up to but not including the point of planing, and complete parts thereof, not to include motive power; machinery, logging cars, blocks and tackle, and complete parts thereof, for logging purposes exclusively: British preferential tariff, 10 per cent; Intermediate tariff, 15 per cent; General tariff, 20 per cent.

Mr. ROBB: The present rates on sawing machinery are 15, 22½ and 25 per cent; on logging machinery, 15, 25 and 27½ per cent. There are some other classes under which these goods come in, ranging from 20, 27½ and 30 per cent; 20, 22½ and 25 per cent, to 22½, 30 and 35 per cent. We propose reducing these classifications to 10, 15 and 20 per cent. The estimated reduction in revenue will be $40,777. The estimated reduction on sawing machinery will be $65,402. There is no separate classification of imports of logging machinery.

Sir HENRY DRAYTON: Where do the imports come from?

Mr. ROBB: For the year 1923, lumber sawing machinery from the United Kingdom, $254, and from the United States, $65,148.

Sir HENRY DRAYTON: If the imports were only $254 and $65,148, how do we get a

loss in revenue of $40,777? There is something wrong with the minister's figures. Has the minister any idea of the imports of logging machinery?

Mr. ROBB: About $100,000.

Sir HENRY DRAYTON: All from the United States?

Mr. ROBB: Yes.

Item agreed to.

Customs tariff—453c. Ore crushers, rock crushers, stamp mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, and complete parts of all articles mentioned in this item, when for use exclusively in mining operations: British preferential tariff, 10 per cent; Intermediate tariff, 15 per cent; General tariff, 20 per cent.

Mr. ROBB: The present rates are 15, 25, and 27½ per cent. We propose 10, 15 and 20 per cent. The estimated reduction in revenue is $57,077. Imports for consumption during the fiscal year ending March 31, 1923, totalled $823,980.

Sir HENRY DRAYTON: How is that distributed?

Mr. ROBB: Sixty-seven thousand dollars from the United Kingdom, and $756,332 from the United States.

Item agreed to.

Mr. ROBB: I beg to move that the following be inserted after tariff item 453c:

Customs tariff—453d. Steel dies, of a class or kind not made in Canada, valued at not less than one thousand dollars each, for use exclusively in stamping metal sheets or metal plates. Provided that such dies shall be exported from Canada under Customs supervision within three months from the date of import entry: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

The estimated reduction in revenue is $35,000. These dies are of special design, and the small consumption in comparison with the United States makes the operation very expensive. These dies are used for only a short period, and it was considered advisable to reduce the duty, as an industry of very large proportions is threatened with being closed.

Mr. ROSS (Simcoe): Who are these firms?

Mr. ROBB: There is the Fisher Body Company, making bodies for automobiles.

Mr. ROSS (Simcoe): That is Henry Ford's now.

Sir HENRY DRAYTON: Can the minister tell us exactly how that is? How it works out is simply this, that no duties whatever will be paid on these stamping machines. It is an old question, and the minister is right in pointing out the difficulties of business. It is only a tardy recognition of what we have often said. These are expensive machines, and our production here is such that I think I am within the mark in saying that most automobile companies could stamp all their bodies perhaps within six weeks; so they will just bring the machinery in and take it out again. The disability is one of overhead. In the United States, with mass production, instead of having these stamping dies going for only a month or six weeks, they would have them going all the time. But I would have thought, Mr. Chairman, that with the present tariff protection on automobiles, which is high, the country could get a little revenue out of this operation; but apparently we are to lose it in connection with a highly protected industry.

Mr. ROBB: As my hon. friend has said, these machines are used for only a few days, but this reduction will place Canadians in a position to meet competition in export markets. My hon. friend must recall that we get a revenue from other sources; the more business they do, the more the export, the more revenue we get from these concerns. As regards the high duty on automobiles, that has often been pointed out, and it is true; but I think this is a fair source from which to get revenue. As my hon. friend knows, automobiles are imported of a special design by people who are ready to pay a high price for them, and I do not see why they should not contribute something to the revenues of this country. It is rather difficult to differentiate in the duties on automobiles as between the lower priced and the higher priced cars.

Sir HENRY DRAYTON: I am glad to see my hon. friend now thinks it is worth while to manufacture for export. Of course the whole reason for our being so extensively in that business to-day, or rather the major reason is the preference given in Great Britain. I should like to know if my hon. friend is going to make any representations whatever to the British government in connection with the McKenna duties.

Mr. ROBB: No, the position I take is that we would not like the British government to dictate to us what policy we should adopt in Canada. We feel that this country has been the pioneer in the matter of preferential tariffs. My hon. friend will recall the preferential tariff that was introduced many years ago in Canada by the present Minister of Finance, and which has been increased from year to year. We do believe in this country in the idea of preferential tariff but we do

not like to go so far as to dictate to the Mother Country or to a sister dominion, how they should frame their tariff policy, because we recognize that if we were to do so they might some day come along and attempt to interfere with our tariff, and I am sure we would resent that.

Sir HENRY DRAYTON: My hon. friend quite understands that there is no dictation about the matter at all, not the slightest. What has he been doing himself in connection with Australia? He is not giving Australia a preference right through. No he is trying to get some mutual understanding under which Canadian commerce will thrive and under which Australian commerce will thrive. I am asking him whether he has done in connection with Great Britain just what he is doing in connection with Australia, that is all. I am not asking him to interfere or to coerce, or do anything like that; the mere suggestion is ridiculous.

Mr. ROBB: I do not know that I quite follow my hon. friend. Does he mean that we should say to the British government "Unless you will give us a preference we will withdraw the present preference?"

Sir HENRY DRAYTON: Mutuality is the whole underlying idea of preferences. The preference was given in the hope that it would be followed; my hon. friend knows that perfectly well. It is his own policy but in the case of Australia he is waiting until he gets more advantage for the Canadian trader in the Australian market. Why not pursue the same policy in regard to Great Britain? My hon. friend is not consistent. He does one thing in connection with Australia, and another thing in the case of the Mother Country.

The CHAIRMAN: Shall the item carry?

Sir HENRY DRAYTON: I think we should have a little further explanation as to why one industry was picked out for special exemption in connection with expensive machinery which cannot be used all the time. That is a condition which is not confined to automobiles at all. There are lots of machines in other businesses, as my hon. friend well knows, that are not used in Canada more than a fraction of the time. They are used in the United States owing to the mass production there. Here we have a direct admission from the government of what we have always said in connection with this mass production, and we have that admission in connnection with only one activity. That activity I think I can fairly and safely say is the one which ought to be able to stand up best as being perhaps the most highly protected. Now, why does my hon. friend pick this industry out and leave all the others?

Mr. COOTE: I think the ex-Minister of Finance has propounded a very proper question to the minister at this time. Surely he did not need to single out the automobile industry for free dies. He says that the automobile people probably use these machines for only six weeks in the year. Now, the farmer uses his binder about ten days in the year, but he is not singled out for a free binder on that account. I would have no objection whatever to these dies being placed on the free list if the Acting Minister of Finance had done his duty and given us a little reduction in the duty on automobiles. If we have one example in Canada of protection gone mad I think it is in connection with the duty on automobiles. Including additions to plant, and equipment, and dividends paid, the Ford Company of Canada have taken out of the pockets of the people of Canada, something like $30,000,000 in addition to the wages and everything else that they have paid, and it would be really interesting to know to just what extent Canadians have taxed themselves to establish the automobile industry in this country. According to a publication which I have here, issued by the Toronto Board of Trade, the percentage of the capital invested in the automobile industry in Canada, which is owned in the United States, is 77.7 per cent. That is, we are taxing ourselves to the extent of 35 per cent for the benefit of some American millionaires. I should like to take this opportunity of protesting because the minister has brought down his budget without offering us any reduction whatever on automobiles.

Item agreed to.

Customs tariff—456. Ingot moulds, n.o.p.; glass moulds of metal: British preferential tariff, 5 per cent; Intermediate tariff, 7½ per cent; General tariff, 10 per cent.

Mr. ROBB: The only change here is that "n.o.p"—not otherwise provided—is added.

Sir HENRY DRAYTON: What is the estimated loss of revenue?

Mr. ROBB: I think the next item will show that.

Item agreed to.

Customs tariff—456a. Ingot moulds for use in the production of steel: British preferential tariff, free; Intermediate tariff, 5 per cent; General tarifl, 7½ per cent.

Sir HENRY DRAYTON: Have these amendments been tabled?

Mr. ROBB: Yes. Ingot moulds for use in the production of steel are free under the three classifications. The present rates are 5 per cent, 7½ per cent and 10 per cent. The resolutions of the 30th April, estimated a reduction in revenue of $23,276. There was imported into the country during the fiscal year ending March 31, 1923, $248,198. This is a concession to the manufacturers of steel.

Sir HENRY DRAYTON: Where are ingot moulds obtained now?

Mr. ROBB: They come principally from the United States, but a few are imported from Great Britain.

Sir HENRY DRAYTON: Are the imports from Great Britain of any account at all?

Mr. ROBB: My hon. friend will notice that they are all on the free list.

Sir HENRY DRAYTON: I was wondering what we imported from Great Britain.

Mr. ROBB: From Great Britain, $30,875; from the United States, $217,323.

Sir HENRY DRAYTON: How many are we producing in this country?

Mr. ROBB: Practically they are not made in this country.

Sir HENRY DRAYTON: That is entirely a revenue item.

Mr. ROBB: A concession to the steel companies.

Sir HENRY DRAYTON: What was collected last year?

Mr. ROBB: We collected $26,276.

Item agreed to.

Customs tariff—460b. Machinery and apparatus for use exclusively in washing coal; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas; and integral parts of all machinery or apparatus enumerated in this item not to include motive power nor tanks for gas: British preferential tariff, 7½ per cent; Intermediate tariff, 10 per cent; General tariff, 12½ per cent.

Mr. ROBB: The present rates are 15, 25 and 27½ per cent, and 15, 27½ and 30 per cent. There are various other rates as well. The estimated reduction in revenue is $150,000. There is no separate classification of the different imports. The estimated imports were $1,000,000. We propose to reduce this to 7½, 10 and 12½ per cent. This is done with the hope of establishing coke plants and reducing the cost of fuel to the people.

[Mr. Robb.]

Sir HENRY DRAYTON: Where did the million dollars worth of goods come from?

Mr. ROBB: There is no separate classification.

Sir HENRY DRAYTON: Then how is this loss of $150,000 arrived at?

Mr. ROBB: It is an estimated loss.

Sir HENRY DRAYTON: Is it an estimate or a guess? If an estimate, what is it based on?

Mr. ROBB: It is an estimated loss on the value of what it might be if three or four furnaces were erected in Canada. My hon. friend will understand that if we did not make the reduction it is quite possible it might delay the establishment of these furnaces in Canada.

Sir HENRY DRAYTON: This refers also to machinery and apparatus for use exclusively in washing coal. That is something which is being imported. What have we on that?

Mr. ROBB: I have no information.

Sir HENRY DRAYTON: Have we any idea what we have collected in taxes for machinery and apparatus for use exclusively in washing coal?

Mr. ROBB: No, it is largely an estimate.

Sir HENRY DRAYTON: Is this a new item altogether?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Then under what item does machinery and apparatus for washing coal now come?

Mr. ROBB: Largely under 453 and 454.

Sir HENRY DRAYTON: Those are the two omnibus items?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Have any figures been supplied the minister by the coal companies showing what they were bringing in and what they were paying?

Mr. ROBB: No.

Sir HENRY DRAYTON: No request from the coal companies for this concession?

Mr. ROBB: Representations have been made to us that if we would make a reduction of this kind there might be some coke plants established in Canada.

Sir HENRY DRAYTON: That is a new industry. I am speaking now of the present

industries. There have been no figures supplied the minister showing the hardships on industries which might be interested under these items.

Mr. ROBB: No. This is put in to meet the request from the Fuel Commission of Canada in the hope of getting—

Sir HENRY DRAYTON: Coke plants established?

Mr. ROBB: —and reducing the cost of fuel to the people.

Item agreed to.

Mr. ROBB: I beg to move that the following be inserted after tariff item 460b:

Customs tariff—460c. Articles of metal when for use exclusively in smelting of iron ore or in metallurgical operations, that is to say: machinery and apparatus for sintering or nodulizing iron ore or dust containing iron; machinery and apparatus for use exclusively in the construction, equipment or repairs of a blast furnace for smelting iron ore, such machinery or apparatus to be used exclusively between the blowing engines up to and including the hoisting apparatus at the skip hoist, and up to and including the point where the metal and slag are discharged from the furnace including foundations; and integral parts of all machinery and apparatus enumerated in this item, not to include valves, wrought iron pipe eight inches and under in diameter, nor structural iron work: British preferential tariff, free; Intermediate tariff, 5 per cent; General tariff, 5 per cent.

The present rates are 15, 25 and 27½ per cent on some parts, and 20, 27½ and 30 per cent on others. There are various rates. Hon. gentlemen will recognize that this item involves many articles. We propose to make it free, 5 per cent and 5 per cent. The estimated reduction in revenue is $90,000. There is no separate classification of imports.

Sir HENRY DRAYTON: Has the minister no idea where these imports come from?

Mr. ROBB: Largely from the United States.

Sir HENRY DRAYTON: They are practically entirely from the United States, are they not?

Mr. ROBB: There might be a very limited amount from Britain.

Sir HENRY DRAYTON: It would be negligible, so we need not worry about it.

Mr, ROBB: I should say so.

Sir HENRY DRAYTON: How did this item come about? The last one we had at the request of the coal commission.

Mr. ROBB: The request came largely from the steel men. It is a concession to the steel industry in view of the reduction in duties which we are making on their products.

Sir HENRY DRAYTON: So this is a further assistance to the steel industry in view of the fact that so many of their products are put on the free list?

Mr. ROBB: Or reduced.

Sir HENRY DRAYTON: Yes. Where would blast furnaces for melting iron ore be located? I suppose at Algoma, and at Sydney. Where else, Hamilton?

Mr. ROBB: Yes; and one at Port Colborne.

Amendment agreed to.

Mr. ROBB: I beg to move that the following be inserted after tariff item 460c:

Customs tariff—460d. Machinery and apparatus of a class or kind not made in Canada for use exclusively in handling iron ore and other materials to be charged into a blast furnace, from the dock, car or stock pile, at the iron or steel plant: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

The estimated reduction in revenue will be $25,000. There is no separate classification of imports. We propose to make this item free.

Sir HENRY DRAYTON: What were the old rates?

Mr. ROBB: Fifteen per cent, 25 per cent and 27½ per cent.

Sir HENRY DRAYTON: Any manufactured in Canada?

Mr. ROBB: My hon. friend will observe that this is only for a class of goods that are not manufactured in Canada.

Sir HENRY DRAYTON: It is another entirely revenue item.

Item agreed to.

Customs tariff—476a. Steel of No. 20 gauge and thinner, but not thinner than No. 30 gauge, for the manufacture of phonograph motor springs when imported by manufacturers of phonograph motor springs for use exclusively in the manufacture of such articles in their own factories: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: The present rates are 5 per cent, 12½ per cent and 12½ per cent. We are putting this on the free list in all classes. The estimated reduction of revenue is $4,000. There is no separate classification of imports.

Sir HENRY DRAYTON: I have no doubt the minister knows where the imports come from.

Mr. ROBB: From the United States.

Sir HENRY DRAYTON: Certainly. I suppose this is another revenue item?

Mr. ROBB: Yes.

Item agreed to.

Customs tariff—502b. Bicycle rim strips of maple not further manufactured than bent to shape and jointed: British preferential tariff, 10 per cent; Intermediate tariff, 12½ per cent; General tariff, 15 per cent.

Mr. ROBB: The old rates were 17½ per cent, 22½ per cent and 25 per cent. The estimated reduction in revenue is $5,000. There is no separate classification of imports. This is a concession to manufacturers of bicycles in Canada.

Sir HENRY DRAYTON: Have we woodworkers engaged in making bicycle rims in Canada?

Mr. ROBB: No, only in the rough. Most of this stuff is imported now.

Sir HENRY DRAYTON: Where from?

Mr. ROBB: Largely from the United States.

Item agreed to.

Mr. ROBB: I beg to move that the following be substituted for tariff item 502c:

Customs tariff—502c. Wood handles or stems for handles, not further manufactured than turned, when imported by manufacturers of goods enumerated in tariff items 448, 449 and 450 for use exclusively in the manufacture of goods enumerated in said items: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

The old rates are 17½ per cent, 22½ per cent and 25 per cent. The estimated reduction in revenue is $40,000. There is no separate classification of imports. The estimated imports are $110,000.

Mr. ARTHURS: Are these goods manufactured in Canada?

Mr. ROBB: No.

Sir HENRY DRAYTON: I have the original resolution in which this item does not appear. Then I have the amendment of 502c which reads:

Wood handles or stems for handles, not further finished than turned, when imported by manufacturers of shovels for use exclusively in the manufacture of shovels.

Mr. ROBB: If my hon. friend will look at the resolutions of the 12th May, he will find that this is amended from what my hon. friend is quoting.

Sir HENRY DRAYTON: Then, there is an amendment to the amendment. Perhaps my hon. friend will tell us what new light he had when he brought in the amendment to the amendment.

Mr. ROBB: It was represented to us by manufacturers of these goods that we have taken some duty off them and they wanted some other concessions. We thought their representations were fair.

[Mr. Robb.]

Sir HENRY DRAYTON: Does my hon. friend now state that these are not made in Canada?

Mr. ROBB: I do not say that they are not made in Canada but they are becoming very hard to get and they are largely imported.

Sir HENRY DRAYTON: Where are they made in Canada?

Mr ROBB: I think my hon. friend will agree with me, as he has had some experience, that a great deal of this wood is now imported from Indiana. This class of wood is becoming scarce in Canada.

Sir HENRY DRAYTON: What is this class of wood?

Mr. ROBB: Hickory and ash. I hope my hon. friend does not object to this item.

Sir HENRY DRAYTON: I am trying to find out something about it. I think I have registered objections pretty well. If my hon. friend wants some more, I will let him have them. Is this merely hickory? I think it is ash chiefly.

Mr. ROBB: It is ash chiefly.

Sir HENRY DRAYTON: I thought we had plenty of ash. I am afraid my hon. friend has no information. I think they are manufactured in Canada and that importation will be largely from the United States, will it not?

Mr. ROBB: Largely from the United States.

An hon. MEMBER: Only shovel handles are mentioned in this. There are other handles that are just as important, such as axe handles and so on.

Mr. ROBB: The amendment is to provide for handles for hoes, forks and other farm tools.

Item agreed to.

Customs tariff—506a. Crutches or specially constructed staffs for a cripple: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: The present rates are 17½ per cent, 22½ per cent, 25 per cent. We are putting them on the free list.

Item agreed to.

Mr. ROBB: I beg to move that the following be substituted for tariff item 533b:

Customs tariff—533b. Linters of short fibres of cotton, bleached, when imported by manufacturers of paper to be used only in their own factories for the manufacture of blotting paper or other grades of paper: British preferential tariff, 7½ per cent; Intermediate tariff, 10 per cent; General tariff, 12½ per cent

The present rates are 15 per cent, 22½ per cent, 25 per cent. We propose reducing these to 7½ per cent, 10 per cent and 12½ per cent. The estimated reduction in revenue will be about $5,000. This material is principally used in the manufacture of blotting paper. In this connection I should like to be fair to hon. gentlemen who are associated with the Canadian Manufacturers' Association. It has sometimes been pointed out to us that the manufacturers of Canada are opposed to any reductions in the tariff. That rule does not always hold, because this reduction in tariff is given to meet a request that came to us through their representatives. This is the item I referred to in the course of the afternoon in regard to which we were asked to make a reduction by order in council. I declined to do that but suggested that as parliament was meeting early it was preferable to bring the matter to the attention of the House. It was brought to our attention through a gentleman who I think has a right to speak for the Manufacturers' Association. The companies interested are the Howard Smith Paper Mills, The Provincial Paper Mills and the Rolland Paper Mills. Hon. gentlemen will I think agree that Mr. Howard Smith has some warranty for speaking on behalf of the manufacturers of Canada, he being himself president of the association at the present time. So that it is only fair to him to say that he is not always opposed to reductions in the tariff.

Mr. BOYS: It would be interesting to know why the manufacturers want a reduction in this case. Can Mr. Howard Smith explain why they are asking for it? I am glad to know that they did, but it seems strange to me, and we should be delighted to know the reason.

Mr. ROBB: It has been represented to us that this material goes into the manufacture of blotting paper, and these gentlemen manufacture that article. Raw cotton waste is bleached and baled and is a by-product of raw cotton; it goes into the manufacture of blotting paper, I am not sure but that the cotton waste men of Canada will oppose this application strenuously. I am simply making it clear that the request came on behalf of Mr. Howard Smith and others.

Sir HENRY DRAYTON: Have we any raw cotton waste of our own?

Mr. ROBB: Yes. I am not offering any objection.

Sir HENRY DRAYTON: Looking into the matter, can the minister indicate what the other people think about it?

Mr. ROBB: I listened to the representations that were made to me and I thought that my good, personal friend, Mr. Smith, was on better ground in this case than he has been in recent weeks.

Sir HENRY DRAYTON: This is where he was personally interested.

Mr. COOTE: In other words, the minister wants us to understand that the president of the manufacturers' association is in favour of a lower tariff when he has to buy but that when he has to sell he wants no reductions.

Mr. ROBB: I did not say that; the committee can draw its own conclusions.

Sir HENRY DRAYTON: I suppose this material comes from the United States?

Mr. ROBB: Yes.

Item agreed to.

Mr. ROBB: I beg to move that the following be inserted after tariff item 590a:

590b. Racing shells when imported by a bona fide Amateur rowing club in Canada for use exclusively by such club: British preferential tariff, 5 per cent; Intermediate tariff, 25 per cent; General tariff, 25 per cent.

The present rates are 15 per cent, 25 per cent and 25 per cent. We are reducing the first rate to 5 per cent to enable importations to be made from England. The loss of revenue will be very small.

Item agreed to.

Customs tariff—591. Farm wagons, logging wagons and complete parts thereof: British preferential tariff, 5 per cent; Intermediate tariff, 10 per cent; General tariff, 10 per cent.

Mr. ROBB: The present rates on farm wagons are 10 per cent, 15 per cent and 17½ per cent, and on logging wagons, 17½ per cent, 25 per cent and 25 per cent. We propose reducing the rates on farm wagons and logging wagons to 5, 10 and 10 per cent. The estimated reduction in revenue on farm wagons is $5,471.63 and on logging wagons $4,500, a total of $9,971.63. The imports for consumption during the fiscal year ending March 31, 1923, of farm wagons amounted to $72,955 and freight wagons, $38,368. A part of the freight wagons would include logging wagons. These importations were from the United States.

Sir HENRY DRAYTON: Entirely?

Mr. ROBB: Yes.

Mr. SPEAKMAN: What was the production in Canada during that time?

Mr. ROBB: I have not that information.

Item agreed to.

Customs tariff—663. Fertilizers, compounded or manufactured, n.o.p.: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: The present rates are 5 per cent, 7½ per cent and 10 per cent. We are putting these articles on the free list. The estimated reduction in revenue is $32,950. The imports for consumption during the fiscal year ended March 31, 1923, amounted to approximately $331,518.

Mr. CALDWELL: Those are dutiable imports. Is there any record of the imports, comprising raw materials, which were not dutiable?

Mr. ROBB: No.

Sir HENRY DRAYTON: Where did those imports come from?

Mr. ROBB: There came from the United States $297,881, from Belgium $29,000, from Hong Kong $31,000 and from the United Kingdom $4,025.

Sir HENRY DRAYTON: About 85 per cent came from the United States?

Mr. ROBB: Yes.

Item agreed to.

Customs tariff—663b. Articles which enter into the cost of the manufacture of fertilizers, when imported for use exclusively in the manufacture of fertilizers: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: There are varying rates at present and we are putting these commodities on the free list as a concession to the manufacturers of fertilizers. The estimated reduction in the revenue will be $10,000. There is no separate classification of imports.

Mr. CALDWELL: The ingredients of fertilizers were all free before except acid phosphate on which there was a duty of 10 per cent.

Mr. ROBB: This concession will include packages, and certain machinery which is necessary.

Sir HENRY DRAYTON: My hon. friend (Mr. Caldwell) is right; practically all the raw materials used in the manufacture of fertilizers, such as chemicals, were free before with the exception of acid phosphate. Is there any one manufacturing fertilizers in Canada now?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Where?

[Mr. Robb.]

Mr. CARROLL: There is a plant in Welland.

Mr. CALDWELL: I do not think that any part of the fertilizer was ever manufactured in this country; the manufacturers import the chemicals and simply stir them together here. There is some basic slag produced in Canada, but we do not as a rule call that fertilizer at all, although it has certain fertilizing qualities. Basic slag is manufactured at Sydney and is a by-product of the manufacture of steel. As I said a moment ago, under the former tariff all the raw materials were free except acid phosphate, and all that the manufacturers do is to mix the ingredients in Canada, collect the duty on the raw materials and put it in their pockets. They are the real free traders.

9 p.m.

Sir HENRY DRAYTON: Is there any fertilizer manufactured here to-day?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: My hon. friend opposite, Mr. Carroll, says there is a plant at Welland; but that is out of business. There was also one at Montreal which has ceased operations. What is the minister's information in this regard?

Mr. ROBB: I know there was one at Sydney which went out of business a year ago but now that we are making this concession we hope the business will develop again.

Sir HENRY DRAYTON: But the only concession you are making is in regard to acid phosphate.

Mr. ROBB: And machinery.

Mr. CALDWELL: The plants to which my hon. friend has referred may be closed much in the same way as the one is said to have been closed in New Brunswick, the Dominion Fertilizer Company. After the budget had been brought down a report went around that this plant was closing down, the business being transferred to the large plants operating in the United States. The manager of the New Brunswick concern, however, came out with an emphatic statement saying that not only had the business not been closed down but that they had no intention of closing it. Statements like these only injure the manufacturers. It can do the manufacturers no good whatever for false reports to be circulated that they are failing and going out of business, and I do not think

that hon. gentlemen are doing their manufacturing friends a good turn by lending credence to these statements.

Mr. CARROLL: The same report was made concerning the company in Sydney, who have been manufacturing fertilizer from slag. Slag itself, I may remark, is not used as fertilizer but it is employed in the manufacture of this commodity, and there was a report current about three or four weeks ago, shortly after the budget had come down, that the fertilizer plant in Sydney had been closed. As a matter of fact the company is not manufacturing a pound of fertilizer. Mr. Walker of the firm, who was here to see me regarding the matter, told me that the only thing they had been doing for the last nine months was getting clear of their surplus, which they were doing successfully. I agree with my hon. friend; stories of this kind do not help the country at all and still less do they help those in whose behalf they are circulated.

Sir HENRY DRAYTON: Basic slag would not be affected by this.

Mr. CARROLL: No.

Sir HENRY DRAYTON: The freight rate would be the whole consideration in this case.

Mr. FANSHER: There are factories in operation in Ontario, at Chatham, at Woodstock and at Toronto.

Mr. SINCLAIR (Oxford): At Ingersoll, not at Woodstock.

Mr. FANSHER: I accept the correction.

Item agreed to.

Customs tariff—682. Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2.0; bank, cod, pollock and mackerel fish lines; and mackerel, herring, salmon seal, seine, mullet, net and trawl twine in hanks or coil, barked or not,—in variety of sizes and threads—including gilling thread in balls, and head ropes for fishing nets; marline, and net morsels of cotton, hemp or flax; and fishing nets or seines, and manila rope, not exceeding one and one-half inches in circumference, when used exclusively for the fisheries, not to include hooks, lines, nets or ropes commonly used for sportsmen's purposes: British preferential tariff, free; Intermediate tariff, free; General tariff, free.

Mr. ROBB: The only change there is to take out the word "barked," thus widening the classification.

Sir HENRY DRAYTON: There will be no loss of revenue?

Mr. ROBB: No.

Item agreed to.

DRAWBACKS

4. Resolved, That schedule B to the Customs Tariff, 1907, as amended by chapter nineteen of the statutes of 1922 and chapter forty-two of the statutes of 1923, be further amended by striking thereout items 1002, 1026, 1027, 1031, 1036, the enumeration of goods, and the rate of drawback to the said items, and to provide that the following items, enumerations and rates of drawback of customs duties be inserted in said schedule B:—

Sir HENRY DRAYTON: Before we go on to the items, will the minister tell us what this is about? For example, what is the effect of striking out item 1002?

Mr. ROBB: This was dealt with in a previous item. Item 445b is substituted for 1002—that is, rolled iron and steel.

Sir HENRY DRAYTON: What is 1026?

Mr. ROBB: These are items that were under 445a.

Sir HENRY DRAYTON: It says 99 per cent here now.

Mr. ROBB: No, it is 99 per cent that we are striking out.

Sir HENRY DRAYTON: That is being repealed under this resolution, and in place of that you are making it not free but are giving a drawback of 99 per cent; is that right?

Mr. ROBB: There is a new item; we will come to that later.

Sir HENRY DRAYTON: What about 1027?

Mr. ROBB: The old item is struck out and the new item will take its place.

Sir HENRY DRAYTON: And we have a new item for 1031?

Mr. ROBB: Item 1031 is to extend the period in connection with the construction of a mill, under the legislation of last year. The drawback is extended from the first of July, 1924, to the first of January, 1925.

Sir HENRY DRAYTON: What is 1036 about?

Mr. ROBB: This is with respect to material entering into the manufacture of stumping machines. The present drawback is 40 per cent.

Customs tariff—1026. Materials, including all parts, imported prior to eleventh day of April, 1924, subject to drawback when entering into the cost of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, before the first day of July, 1927—payable as drawback 99 per cent.

Sir HENRY DRAYTON: Will the minister explain the effect of the limitation, "imported prior to eleventh day of April, 1924?"

Mr. ROBB: This is to provide for goods that were on hand on the eleventh of April which would enter into the costs. It is estimated that there will be a reduction of revenue of $75,000 in this connection.

Sir HENRY DRAYTON: The effect then, is that in connection with the tariff revision my hon. friend is making he is rebating to the manufacturers 99 per cent of all duties already paid on goods on hand.

Mr. ROBB: On goods entering into the manufacture, as of that date.

Sir HENRY DRAYTON: That is the date upon which the new tariff comes into effect. That was also tabled on the 10th of April, was it not?

Mr. ROBB: Yes, this was done to enable the industries at once to reduce the price to the Canadian farmer, putting them on a par with their foreign competitors.

Mr. CALDWELL: It occurs to me that this possibly goes further than the minister intended. It does not say "materials they have on hand", but all materials imported prior to the 11th of April, 1924. I am not sure that under that the manufacturers would not have a claim for rebate on all materials they had imported up to April 1924.

Mr. ROBB: I think it would be safe to add "and on hand".

Mr. CALDWELL: You could say "imported prior to the 11th day of April, 1924, and on hand at that date."

Mr. ROBB: It says "materials entering into the cost of goods imported before the first day of July, 1927." I think that covers it.

Mr. CALDWELL: I think not.

Mr. ROBB: Then clause 5 says:

Resolved, that any enactment founded on the foregoing resolutions shall be deemed to have come into force on the eleventh day of April, one thousand nine hundred and twenty-four, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

I think it is all right as it stands.

Mr. CALDWELL: I think I am right still, but if the minister is satisfied I suppose I ought to be.

Sir HENRY DRAYTON: What is the significance of the further limitation, "When entering into the cost of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, before the first day of July 1927?"

[Sir Henry Drayton.]

Mr. ROBB: They might have goods on hand that they could not wipe out within a month or six months or a year, and we are giving them this time to use up their raw material.

Mr. CALDWELL: I am not clear on this yet. If they are to be given a rebate on all materials they have on hand prior to the 11th day of April, 1924, why should there be any further time extension to let them work it off? It does not matter what they do with it if they get the rebate.

Mr. ROBB: We only give them the rebate after they have worked it up. This is to prevent them from selling it to somebody else.

Item agreed to.

Customs tariff—1027. Materials, subject to drawback when used by manufacturers of malleable iron castings or steel shafting for use exclusively in the manufacture of such articles for use in the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591—payable as drawback, 80 per cent.

This is a concession to the manufacturers of malleable castings and steel shafting.

Sir HENRY DRAYTON: That takes the place of the 40 per cent?

Mr. ROBB: Yes.

Item agreed to.

Customs tariff—1031. Artificial silk tops and waste or artificial fibre silk, artificial silk yarns or filaments enumerated in tariff items 583a and 583aa, subject to drawback when further manufactured before the first day of January, 1925—payable as drawback, 60 per cent.

Sir HENRY DRAYTON: What is the idea of this? I did not notice it before, but I suppose this is because we have not yet got the artificial silk mill running.

Mr. ROBB: Yes.

Sir HENRY DRAYTON: If that is the reason, why is there not a greater drawback than 60 per cent? That is simply penalizing everyone doing business in Canada to the extent of 40 per cent.

Mr. ROBB: I really could not answer my hon. friend. I was not following this last session when it was put through, but this is simply extending the enactment of last year.

Sir HENRY DRAYTON: And it was strenuously objected to last year, but we were told that the mill would soon be running and we need not bother about it. There is a direct handicap on Canadian progress to the extent of 40 per cent on every bit of artificial silk they use, and it is used—I forget in just what proportions—in connection with every

bit of botany yarn they turn out. It is simply putting a premium on the American product as against the Canadian product to the extent of 40 per cent. This is only for a year, so why not make it free for one year, or why not give them 99 per cent drawback for the year? The knitting concerns have hard enough times as it is without discriminating in this way against Canadian industry.

Mr. ROBB: I understand the Finance Minister had a conference with all interested, and that they were satisfied with this arrangement last year.

Sir HENRY DRAYTON: I can assure my hon. friend they were not.

Mr. ROBB: I have put this in at the request of representatives of the Canadian Manufacturers' Association, who told me of some difficulties they have had in getting the machinery forwarded to get this mill running.

Sir HENRY DRAYTON: It would be a perfect outrage not to put that in. I want to put the case to my hon. friend. This material was on the free list, as I recollect it, and Mr. Russell will know if I am wrong —I have not my papers here—

Mr. ROBB: Part of it was on the free list.

Sir HENRY DRAYTON: I mean this artificial silk stuff. It was used for the purposes of manufacturing, and it was on the free list or there was a drawback of 99 per cent. Now last year we had a new infant industry started, and that infant industry was artificial silk, and in order to get this artificial silk industry going we had a whole list of protective duties introduced by the Minister of Finance, ranging as I recollect it from 15 to 37½ per cent. It was pointed out in connection with that matter that this artificial silk formed the raw material in the manufacture of botany yarns and some other yarns, and so we were to have a drawback in connection with all these duties until that mill was running. It is a very small thing so why not make it 99 per cent?

Mr. ROBB: I would not like to lose that revenue.

Sir HENRY DRAYTON: What revenue would be lost? It is not a fraction of the revenue that my hon. friend is handing to-night to the American producers. The only difference is that a Canadian would be getting the benefit.

Mr. ROBB: What drawback do you suggest?

Sir HENRY DRAYTON: Ninety-nine per cent until this mill is started. It does not amount to anything.

Mr. ROBB: There may be some goods on hand. Why not compromise and make it 80 per cent?

Sir HENRY DRAYTON: Very well.

Mr. ROBB: I move that 80 per cent be substituted for 60 per cent, payable as drawback.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—1036. Bar iron or steel, rolled, whether in coils or bars, one and one-eighth of an inch in diameter and over subject to drawback when used in the manufacture of goods enumerated in tariff item 410—payable as drawback, 99 per cent.

Mr. ROBB: This drawback is given on account of the rate of duty being higher on the iron and steel. The rates on chain are free, 5 and 5 per cent.

Mr. CALDWELL: Is this iron used in the making of chain?

Mr. ROBB: Yes.

Mr. CALDWELL: Of one and one-eighth of an inch in diameter and over?

Mr. ROBB: Yes.

Mr. CALDWELL: I think there is no chain used in Canada of that diameter. What is it for,—stumping machines?

Mr. ROBB: I think it is used in the north.

Mr. CALDWELL: My fear is that the minister is not meeting the need of this case I have lumbered and have done almost anything requiring to be done with chains and I never knew of such large chain.

Mr. ROBB: I made this provision at the request of a gentleman who was manufacturing this chain at Welland, Ontario.

Mr. CALDWELL: Can you state what the chain is used for?

Mr. McBRIDE: That size of iron is used in anchor chain, also in chains for hauling logs out of the water at the mill.

Mr. CALDWELL: Possibly. But there would be nothing else as large as that in the shape of chains.

Mr. McBRIDE: Not that I know of.

Mr. ROBB: It is not a large item.

Mr. CALDWELL: Is the minister satisfied that this meets the need he wishes to make provision for?

Mr. ROBB: Yes.

Mr. CALDWELL: I am not objecting to the item but my opinion is that this is not going to apply to any chain unless it is anchor chain, I do not know that anchor chain is made in Canada.

Mr. ROBB: I am satisfied this is all the man who is manufacturing it asked for.

Item agreed to.

Customs tariff—1036. Bar iron or steel, rolled, whether in coils or bars, one and one-eighth of an inch in diameter and over; subject to drawback when used in the manufacture of goods enumerated in tariff item 410—payable as drawback, 99 per cent.

Item agreed to.

Customs tariff—1038. Materials, including all parts, subject to drawback when used in the manufacture of goods enumerated in tariff item 544a—payable as drawback, 99 per cent.

Item agreed to.

Customs tariff—1038. Materials, including all parts, subject to drawback when used in the manufacture of goods enumerated in tariff item 544a—payable as drawback, 99 per cent.

Mr. ROBB: The drawback is given on account of the free machinery for the manufacture of binder twine so as to enable the manufacturers in Canada to produce the goods in this country without being at too great a disadvantage.

Item agreed to.

Customs tariff—1039. Materials, including all parts not finished, subject to drawback when used in the manufacture of goods enumerated in tariff items 447 and 448b—payable as drawback, 30 per cent.

Mr. ROBB: This is a reclassification, there is no change except that tariff item 591 "farm wagons" has been taken out and the materials may now be entered under 445a.

Item agreed to.

Customs tariff—1040. Bags, boxes and barrels, subject to drawback when imported by producers of salt, for use in covering salt produced in Canada—payable as drawback, 60 per cent.

Mr. ROBB: Salt packages are free when containing salt from the United Kingdom and there is a low rate when importations are made under the general tariff. The drawback is to equalize the duty paid on packages used by the Canadian producers of salt.

Item agreed to.

Customs tariff—1041. Materials, subject to drawback when used in the manufacture of bags, boxes and barrels, when such bags, boxes and barrels are used in covering salt produced in Canada—payable as drawback, 60 per cent.

Mr. ROBB: The same reasons obtain here as in the case of the previous item.

[Mr. Caldwell.]

Mr. CALDWELL: Only this applies to the machinery that is used in the manufacture of these bags, boxes and barrels.

Mr. ROBB: And the materials.

Item agreed to.

Mr. ROBB: I beg to move that the following be inserted after tariff item 1041:

Customs tariff—1042. Materials, including all parts, subject to drawback when entering into the cost of cyanide of potassium and cyanide of sodium—payable as drawback, 99 per cent.

Sir HENRY DRAYTON: Where did the request for this come from?

Mr. ROBB: The article is free and so we propose to give the material going into it a rebate of 99 per cent.

Item agreed to.

Mr. ROBB: I beg to move that the following be inserted after tariff item 1042:

Customs tariff—1043. Materials, including all parts, subject to drawback, which entered into the cost of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, on hand or in process of manufacture, in possession of the manufacturer and unsold, on the tenth day of April, 1924. Provided that drawback payable under this item is in lieu of drawback payable under any other tariff item—payable as drawback, 99 per cent.

Mr. CALDWELL: Explain.

Mr. ROBB: This is a further concession that was made on the promise that the price of the implements in question would be reduced to the Canadian farmer.

Sir HENRY DRAYTON: Yes, but we have already got one drawback. I appreciate that my hon. friend has been doing everything he can to get them to reduce these costs. I can tell my hon. friend one thing: He is going to get a reduction all right in the price of all these things if the present movement goes on in the States in connection with the steel values which will have to come here too. I noticed to-day, and I have no doubt my hon. friend did, in a letter published from Boston very substantial decreases. Now what is really the difference between drawback item 1026 and drawback item 1043? What is the idea?

Mr. ROBB: These are the finished machines that are on hand. The other had to do with the raw material. We are taking into account the material that entered into the construction of machines that were already manufactured and ready to be shipped.

Sir HENRY DRAYTON: I would have thought that the other one would have been just as good.

Mr. ROBB: This clears the matter up for administrative purposes.

Sir HENRY DRAYTON: The idea, as the minister explains it, is to cover the case of the completed goods as yet unsold.

Item agreed to.

Mr. ROBB: I beg to move that the following be inserted after tariff item 1043:

Customs tariff—1044. Fire brick, subject to drawback, when imported by manufacturers of iron or steel for use exclusively in the construction or repair of a blast furnace, open hearth furnace or rolling mill furnace—payable as drawback, 99 per cent.

Mr. ROBB: It is estimated the reduction of revenue will be $75,000. It is a concession to the steel mills.

Sir HENRY DRAYTON: This will all come from the States will it not?

Mr. ROBB: I think so.

Mr. CALDWELL: None of this is made in Canada?

Mr. ROBB: Practically none. Some brick is made on the Pacific coast.

Sir HENRY DRAYTON: There is a factory in Medicine Hat.

Mr. ROBB: That was not represented to us. We were advised that there is one at Clayburn on the Pacific coast, but that the freight did not enable the product to be sold to eastern steel men.

Amendment agreed to.

5. Resolved, That any enactment founded on the foregoing resolutions shall be deemed to have come into force on the eleventh day of April, one thousand nine hundred and twenty-four, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

Sir HENRY DRAYTON: I think that is the usual form.

Resolution agreed to.

Mr. ROBB: Shall we go on with the sales tax? I thought we might run on till ten o'clock, but it is whatever my hon. friend says.

Sir HENRY DRAYTON: I notice we have a great many vacant seats, but perhaps we could go on till ten o'clock. I might be able to facilitate my hon. friend by giving him information on the sales tax which he will have a chance to consider between now and Monday.

The CHAIRMAN: I will call the resolution.

SALES TAX

1. Resolved, That it is expedient to introduce a measure to amend the Special War Revenue Act, 1915, and amending acts, by providing that the rate of the consumption or sales tax imposed by section nineteen BBB of the said act shall be reduced from six per cent to five per cent.

Sir HENRY DRAYTON: Mr. Chairman, I want to draw the attention of the House to the answer given at page 1834 of Hansard in connection with the sales tax administration, and to point out that a large number of firms have not paid the tax. The total number of firms in arrears is stated to be 3,170. This is a tax which is supposed to be collected promptly, it is a tax which is a day-to-day charge on the business, it is something which in the ordinary nature of things ought not to be allowed to stand. In the same way as a concern pays its monthly rent and its monthly salaries, so it ought to pay its sales tax. And I believe the department want to have the tax so paid. I am not now attributing any improper motives to the department or slackness one way or the other. The act as we have it, I think, absolutely invites delays, invites difficulties, invites fraud and invites the troubles which the department now finds itself in.

I have gone over the act and noted its provisions so I could have in my own head just for a short time what the act really means. I am quite sure that when the act was considered none of us took the trouble to understand it, not even its introducer, and I am going to make this statement now so that my hon. friend will have a chance to go over it with a view to seeing what can be done to clean up the absolute jungle that exists with the administration of the sales tax. In the first instance, the fundamental idea upon which the tax is based is that it shall be payable only upon completely finished manufactured goods—that was the new idea we had last year—that is to say, goods which are sold to the ultimate consumer and do not undergo any further process of manufacture. I do not think I am wrong in starting out upon that basis. To carry out that idea different manufacturers are treated in different ways, and likewise different wholesalers are also treated in different ways. This is an offence right at the threshold against the ordinary first principles of taxation.

A manufacturer whose finished products are sold to be further manufactured gets his raw materials without the payment of the tax, and he can sell his products without the payment of the tax to another manufacturer or to a licensed wholesaler, but if he sells to an unlicensed wholesaler or retailer he has

to pay the tax. There, you see, you immediately have room for trouble; you have two different sets of accounting, and you have an immediate necessity for checking. Both these classes of manufacturers have to pay the tax on materials they buy in Canada or import which are not used in wrought into or attached to articles manufactured by them for sale. There is another subdivision. Under this provision all sorts of questions arise, and there are all kinds of different interpretations placed upon it by the manufacturers. A manufacturer who does not manufacture goods to the value of $10,000 per annum is not required to pay any sales tax on the goods he manufactures, but he has to pay the tax on materials he imports, and a licensed manufacturer or licensed wholesaler selling to such manufacturer has to pay the tax on such sales. But there is a qualification to this. Subsection 3 of section 6 of the act provides:

If the minister determines—

I pause, and am willing to wager anything that not a single member has been able to follow the effect of what I have said down to this point.

If the minister determines that any manufacturer or producer, who does not manufacture or produce goods to the value of ten thousand dollars a year, uses a substantial portion of goods which are exempt from the tax in the manufacture of goods which are liable to the tax, as to which the minister's finding shall be conclusive, such manufacturer or producer shall take out a license as required by subsection 6 of this section and shall be subject to the same conditions as a licensed manufacturer or producer.

Hon. gentlemen will see how perfectly clear this sub-section is, how easy to understand! The one thing we can understand there is that that sub-section can be interpreted just according to the length of the minister's foot.

A clause in the act, subsection 9 of section 6—the reason for which it is difficult to understand except on the ground of protection—is that which declares that as respects goods which may be imported free of customs duty, the Minister of Customs is vested with power to grant a refund or deduction of the sales tax, not to exceed 25 per cent. That is to say, he can make the tax 4½ per cent instead of 6 per cent on similar goods manufactured in Canada. It is made a condition of the exercise of this power that satisfactory evidence must be produced that such Canadian goods are at a disadvantage with respect to similar imported goods. I just pause to point out that apparently the idea of ministerial discretion in granting or withholding protection is pretty well carried out in the present budget in connection with raw materials entering into the manufacture of so many articles that are now greatly reduced.

[Sir Henry Drayton.]

Dealing now with the wholesale trade, the act divides wholesalers into two categories—licensed and unlicensed. A licensed wholesaler is one 50 per cent or more of whose total sale of goods is to manufacturers, to be used, wrought into or attached to articles manufactured for sale, which, when sold, are subject to the sales tax. Unless a licensed wholesaler can come within that category, he is not entitled to a license even although the annual volume of his business may be as great, if not greater, than that of a wholesaler entitled to a license.

A licensed wholesaler can import or buy from a Canadian manufacturer, without the payment of the tax and sell without the payment of the tax to manufacturers, goods to be used in, wrought into or attached to articles to be manufactured for sale and subject to the tax when sold. Such licensed wholesaler has to pay the tax when he sells goods to persons, other than licensed manufacturers or licensed wholesalers. Plenty of room again for plenty of bookkeeping and plenty of mistakes.

An unlicensed wholesaler has to pay the tax on everything he imports, and licensed manufacturers or wholesalers selling to him have to pay the tax on their sales, which tax they will no doubt pass on to him.

If such unlicensed wholesaler should sell goods to a manufacturer to be used in, wrought into or attached to articles to be manufactured for sale and subject to the tax when sold, he is entitled to a refund of the tax paid upon making claim to the department, accompanied by proof of the payment of the tax and the sale and delivery to the manufacturer.

It is no exaggeration to state that at least 75 per cent of the wholesalers of the country would be treated as unlicensed wholesalers, and that consequently all the transactions of that large percentage of wholesale traders with manufacturers in respect of goods to be further manufactured, will be subject to refund in the Customs department involving tremendous private and official expense. It is no wonder that the return from the department is what it is.

Then again, subsection B of section 12a of the act provides that:

When goods are sold by a wholesaler or jobber not licensed under this act to a licensed manufacturer or producer, the purchaser shall be furnished with a written invoice of the goods sold, which invoice shall state separately the amount of the consumption or sales tax.

Compliance with this section clearly means a disclosure of the profit of the unlicensed wholesaler, because the tax which he paid and has to show in his invoice to the buyer from him was based on his—the unlicensed wholsaler's—purchase price. Could anything be more absurd than to require a seller to disclose to his buyer the profit he is making on the transaction? The other licensed wholesaler has not to do that; but the unlicensed wholesaler, who has had to pay the tax and who is entitled to his refund, is put to the statutory disadvantage that he has to show plainly what his costs were.

In view of the provisions in the act for deduction, the act would be better entitled "The Sales Tax and Deduction Act." These deductions are as follows:

A manufacturer or a licensed wholesaler is entitled to a refund by way of deduction from sales tax returns, and the amount of the old sales tax paid directly to the government or to the person from whom he bought, on goods which he had on hand unsold on January 1, 1924, if such goods have been, are being or are to be used in, wrought into or attached to articles to be manufactured or produced for sale and which are articles subject to the consumption or sales tax when sold.

To get this deduction each manufacturer and licensed wholesaler has to file an inventory of such goods and make claim therefor. The deduction is allowed to the manufacturer as he uses the goods—without reference to the sale thereof—and to the wholesaler when he sells the goods.

Under the language of the statute, a manufacturer could claim a deduction of the total amount of such tax without waiting to use up the goods upon which the tax was paid. Some manufacturers whose finished products are sold to enter into other manufactures, may not have any tax to pay, and, consequently, they are entitled to get back the tax paid on materials on hand on January 1, 1924, by way of refund after compiling inventories and making claims as above set forth.

Imagine, if you can, the tremendous amount of work to business firms with consequent expenses involved in compiling inventories and showing the tax paid thereon, in making claims for deduction and refund, and also the work to the officials of the Department of Customs in checking these inventories and claims. The plain, inescapable truth is that it will be almost impossible for the Customs department to make the proper necessary check of inventories. If there is any doubt about that, I think my hon. friend ought to look into the matter and see just how this thing has worked out. A proper check would take years to make, and in the meantime business would be disorganized. It may be taken for granted that if any errors are made in preparing these inventories and claims, they will not be altogether in favour of the government. The door seems to be wide open to fraud on the revenue.

Unlicensed wholesalers get back by way of deduction or refund from sales tax returns, the tax paid upon materials they had on hand on January 1, and which they sell afterwards to manufacturers to be used in making articles subject to the tax. They must have had the materials on hand and a subsequent sale has to take place before this can be ascertained.

If a manufacturer making goods subject to the tax when sold should pay the tax on imported materials, he is entitled to get it back by way of deduction.

A refund of the tax may be granted on imported goods in respect to which customs duties have been refunded on exportation. This is a quotation—I will show it to the minister:

> A deduction from the consumption or sales tax may be granted in respect to goods sold at a price fixed by a bona fide contract of sale made before the 12th day of May, 1923, and still in force at the time of delivery of the goods.

Section 13 of the act gives most extraordinary powers to the minister. It reads as follows:

> Whenever goods are manufactured or produced in Canada under such circumstances or conditions as render it difficult to determine the value thereof for the consumption or sales tax because:
>
> (a) A lease of such goods or the right of using same but not the right of property therein is sold or given; or
>
> (b) such goods having a royalty imposed thereon, the royalty is uncertain, or is not from other causes a reliable means of estimating the value of the goods; or,
>
> (c) such goods are manufactured by contract for labour only and not including the value of the goods that enter into the same, or under any other unusual or peculiar manner of conditions; or,
>
> (d) such goods are for use by the manufacturer or producer and not for sale.

Under this section it has been provided by regulation that:

> In respect of goods subject to consumption or sales tax sold by retail by the manufacturer or producer thereof in Canada, the value of the goods for purposes of the tax will be determined by the Minister of Customs and Excise in each class of cases.

In other words, apart from the question of statutory rate, the minister has the absolute right to say what taxes shall be paid. It seems to me that any statute is absolutely indefensible which does not allow our business people to know what they have to pay when they operate; and no man in the world can

tell what he has to pay under this system. The minister can do what he pleases; no standard whatever is set up by which he is to be governed. Some manufacturers import goods which they might use in manufacturing other articles or may sell in the condition as imported. In such cases the manufacturers are entitled to import free of tax all such goods and they have to pay the tax when they sell such goods in the condition as imported based on the duty paid value of the goods when imported; which means going back to the customs entry and invoice. Here again there will be difficulty in checking returns. Every licensed manufacturer or licensed wholesaler buying goods in Canada to be used in making articles for sale subject to the tax, or which are for re-sale, has to quote his license number and give a certificate that the articles are to be used in making articles for sale, or are for re-sale; and he has to make similar license quotations and certificate on entries of imported goods. This of course means additional work to business firms and additional expense to the government in checking the returns to ensure that license numbers are quoted and certifications furnished in respect of non-taxable sales. Licensees are enjoined against quoting their license number and giving certificates as respects goods purchased by them consisting of plant, equipment or other goods for their own use and not for sale. A man has to be watching all the time to make sure that he is not infringing the regulations; he has to be on the qui vive to see that he is not breaking some provision of the act which renders him liable to penalty.

To-day there is absolutely no principle applied in connection with the administration of the act. It was attemped to be confined to the primary articles entirely, but that is something that has been lost sight of. There is no question of principle. For example, an application was made to the government—I am speaking from memory on the strength of a return I received—for exemptions in the cases of both newsprint and coffee. The sales tax on coffee was 6 per cent. What principle would determine the result that the sales tax on newsprint should be reduced 2½ per cent, which I think is the figure, while there should be no reduction of the sales tax on coffee? I am speaking of what is being done, and I hope that my hon. friend will take a note of the representations I am making in this regard. In connection with the collection of current taxes we have a muddled situation. I am not going to say for a single moment that there is anything dishonest about the matter. But just consider the answer which the minister gives to a question that is asked him:

[Sir Henry Drayton.]

In the balance of the cases the department is corresponding with the firms and individuals concerned with a view to making satisfactory arrangements for payment of arrears before legal action is taken.

These latter cases require nursing as drastic action would probably result in financial failures.

That is in connection with a tax that is coming due from day to day and which certainly ought to be settled monthly. We have such a mass and jungle of meaningless words in the act that it is impossible for one to carry it out intelligently. I want to give the Minister of Customs full credit both for industry and for intelligence, but he should not have to bring down a return like that. Surely to goodness the government having tried the freak legislation of last year ought to do something to put matters upon a more plain, if not a more logical, basis. At all events, let us pass legislation which will enable the people to know where they stand.

Mr. ROBB: It is now approaching ten o'clock and after we have adopted this resolution we shall adjourn. Before we do so however I want to acknowledge the statement which my hon. friend has placed on Hansard and to which I shall direct the attention of my colleague who is administering the act in question. I am prepared to agree with my hon. friend that there is difficulty in administering an act of this character. The fact is that no tax is popular, and if we could conceive of a tax that would meet with popular approval a large part of our troubles would disappear. I am sure that the hon. member, who was at one time head of the Finance department and responsible for collecting the revenue, must have had advice, as others in the department have had from time to time, as to the best methods of imposing taxation. I am not sure whether he was advised, as I have been, that a popular and simple tax would be a turnover tax. There are those who say that we should have a tax on daily bank balances, while others advocate a land tax and others again a tax on bachelors. Well, I may say that some amendments as we come to them will in part at least remedy the difficulties that my hon. friend has pointed out. Regarding that part of the answer brought down to which my hon. friend has referred, concerning the "nursing" of certain businesses, I might observe that I am nursing along to-day, and am compelled as Acting Minister of Finance to nurse along, some institutions that are in arrears in taxes for which they were liable in the years when my hon. friend was Minister of Finance; and any unduly harsh treatment would put them out of business throwing many men out of employment. Taking all

10 p.m.

things into consideration I think the taxes have been fairly well paid, and the people of Canada have responded fairly well to the demand for increased taxation to meet our war and other obligations. I shall direct the attention of my colleague to the observations of my hon. friend. It is the desire of the government as far as possible to simplify the collection of the sales tax, and we hope that the measures now submitted will have that effect. I trust the committee will pass the resolution.

Sir HENRY DRAYTON: Does the minister think that he should ask us to pass it to-night?

Mr. ROBB: The present resolution only involves the reducing of the tax on the various items from 6 to 5 per cent.

Sir HENRY DRAYTON: But the whole principle is involved.

Mr. ROBB: I do not press it.

Sir HENRY DRAYTON: On the question of nursing accounts, my hon. friend may have had a little sapling to work with but he has developed it into a whole forest. He says he has some legacies from me. I remember the time—I will not say my hon. friend did it; he had too much sense and honesty to do it—when any number of his associates were calling down vengeance from high heaven on my head because I did not put the Riordon Company out of business—just one concern.

Mr. ROBB: Well, I never did.

Sir HENRY DRAYTON: I give my hon. friend credit for that; I say he had too much honesty and common sense to do it. But it was done and done all over, done at a time when their product was selling at a fraction of what it is bringing to-day. My hon. friends have done nothing with that account, have not collected five cents of it. Yes, it was in arrears with me something like three months after it came to my knowledge; my friends have been in office two years and nine months or thereabouts, but nothing is done. And it goes on growing. There is some difficulty in arriving at excess business profits where you have to follow everything and go through a whole arbitration before you can find it out, but there ought to be no difficulty in collecting current taxes; there ought to be no nursing of monthly accounts. That is the business my hon. friend's legislation would put him into.

Resolutions reported, read the second time and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 127, to amend the Customs Tariff Act, 1907.

Motion agreed to and bill read the first time.

On motion of Mr. Robb the House adjourned at 10.07 p.m.

Monday, May 26, 1924

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 26, 1924.

Sir,—I have the honour to inform you that the Hon. Mr. Justice Idington, acting as Deputy of the Governor General, will proceed to the Senate Chamber on Tuesday the 27th instant at 8.30 p.m. for the purpose of giving the royal assent to certain bills.

I have the honour to be, Sir,
Your obedient servant,
A. F. SLADEN,
Governor General's Secretary.

LAUSANNE CONFERENCE

Right Hon. W. L. MACKENZIE KING (Prime Minister): I beg to lay on the Table copies of telegrams between the British and Canadian governments with respect to the Lausanne Conference and the Lausanne Treaty. I move:

That 1,500 copies in the English language and 750 in the French language of the telegrams exchanged between the British and the Canadian governments in connection with the Lausanne Conference and Treaty, laid on the Table of the House this day, be printed forthwith, and that rule 74 in relation thereto be suspended.

The House may recollect I mentioned last week that I would anticipate the passing of this motion, and for the convenience of members arrange to have copies of the correspondence printed. They are now printed and will be available in the office of the distribution Clerk for any members who may wish to have them.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Will the Prime Minister say if the correspondence as tabled is complete, and if not, which government or governments takes responsibility for the omissions?

Mr. MACKENZIE KING: The Canadian government has asked that all the correspondence be brought down. The British government has taken exception to a part of the correspondence being brought down,

and what I am now placing on the Table is the correspondence agreed to between the British government and our own government.

Motion agreed to.

BUSINESS OF THE HOUSE

ASCENSION DAY ADJOURNMENT

Right Hon. W. L. MACKENZIE KING: (Prime Minister): With the consent of the House I wish to move:

That when this House adjourns on Wednesday, the 28th instant, it stand adjourned until Friday, the 30th instant.

Mr. BAXTER: I would like to ask my right hon. friend if Tuesday next will not also be observed as a holiday.

Mr. MACKENZIE KING: I have another motion I was going to propose, to the effect that when the House adjourns on Monday, June 2nd, it stand adjourned until 8 p.m. on Tuesday, June 3rd. The government has felt that, as a function is to be held at Government House in honour of His Majesty the King, which function members of the House would probably wish to attend, we should not sit on Tuesday afternoon. I understand it is customary for the British House of Commons to sit on the King's birthday, and as we are anxious to bring to a conclusion the work of the session, we thought it would meet the wishes of members of the House were we to sit on Tuesday evening, keeping, however, the afternoon free.

Motion agreed to.

THE KING'S BIRTHDAY

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the consent of the House I move:

That when this House adjourns on Monday, June 2nd, it stand adjourned until Tuesday, June 3rd, at 8 p.m.

Motion agreed to.

UNITED CHURCH OF CANADA

Mr. HAROLD PUTNAM (Colchester): Mr. Speaker, I have four short petitions from members and adherents of the Presbyterian churches which I shall name in a moment. They are all worded praying that the petitioners be not included in any legislation as incorporators or members of the United Church of Canada, and that they be not transferred by legislation from the Presbyterian Church in Canada. They are as follows, all in the county of Colchester: 135 members and 60 adherents of Sharon Presbyterian Church, Tatamagouche; 15 members and 13 adherents of the Onslow and Belmont Congregation; 19 members and 8 adherents of the First Presbyterian Church, Truro, N.S.; 34 members and 26 adherents of the Falls Section, Earltown Congregation.

DOMINION ELECTIONS ACT AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 128, to amend the Dominion Elections Act.

He said: The only purpose of this bill is to amend the Dominion Elections Act so as to introduce the transferable vote. It will apply in single-member constituencies when there are more than two candidates offering for election, besides this provision, there are amendments to other sections of the act to make them harmonize with the application of the new principle.

Mr. MEIGHEN: In the Speech from the Throne this measure was termed the "alternative" vote instead of the "transferable" as now used. Which is right?

Mr. LAPOINTE: They are the same thing.

Motion agreed to and bill read the first time.

DUMPING CLAUSE

On the Orders of the Day:

Mr. ROBERT FORKE (Brandon): Is it the intention of the government to introduce an amendment to the dumping clause before the Tariff Act is finally disposed of?

Hon. J. A. ROBB (Acting Minister of Finance): There is nothing before me on the subject. I shall bring the question of my hon. friend to the attention of the Minister of Customs. I may say, however, we believe that certain regulations now before the House will meet all the objections that have been raised by my hon. friend.

CIVIL SERVICE SALARY REVISION

On the Orders of the Day:

Mr. W. G. McQUARRIE (New Westminster): When will the report of the Auditor General on the salary revision of the postal employees be presented to the House, and also the report on the revision of the salaries of other civil servants? I desire to ask also: Is it owing to the threatened strike of the postal employees that their department is receiving primary consideration?

Right Hon. W. L. MACKENZIE KING (Prime Minister): To the last part of my hon. friend's question the answer is "Certainly not." With respect to the report to

which he refers I would say that the Civil Service Commission and also the Board of Audit have been preparing reports for the consideration of the government with respect to the revision of the salaries of the postal employees. Until the government has had an opportunity to consider these reports it will not be possible to say when they will be laid on the Table. They have not yet—at least the report of the Board of Audit has not—been presented to the government.

Mr. MEIGHEN: The Civil Service Commission reported to the government some time ago.

Mr. MACKENZIE KING: The Civil Service Commission has reported but the report of the Board of Audit has not yet come in. When it has been received it is possible the government may ask the Civil Service Commission to take cognizance of its recommendations before dealing finally with the salaries of the post office employees.

Mr. MEIGHEN: Is the Board of Audit a sort of appeal board for the Civil Service Commission?

Mr. MACKENZIE KING: No, not in any sense a board of appeal. I think my right hon. friend (Mr. Meighen) will recall that the government announced at the time an explanation was made of the manner in which we intended to deal with the revision of the civil service salaries, that the Civil Service Commission would be expected to carry on its work in co-operation with the deputy ministers and also with the Board of Audit. I understand that a conference with the deputy ministers was held. The Board of Audit is now reviewing the situation and when its report is completed if thought advisable it will be referred to the Civil Service Commission before a final decision is reached.

Mr. McQUARRIE: May I ask the Prime Minister if the Civil Service Commission has reported on any department other than the Postal department?

Mr. MACKENZIE KING: Not that I am aware of, but I could not say positively.

Mr. McQUARRIE: There is just one other question I wanted to ask the Prime Minister. What has held up the revision of the salaries of the other departments?

Mr. MACKENZIE KING: I think only the size of the work being undertaken. I understand the Civil Service Commission is going ahead with the revision of salaries pertaining to employees of the other departments.

PRIVATE BILLS

SECOND READINGS

Bill No. 123, for the relief of Nora Pearce.—Mr. Boys.

Bill No. 124, for the relief of Albert Francis Ray.—Mr. Garland (Carleton).

Bill No. 125, for the relief of Irene Mildred Jeffrey.—Mr. Boys.

Bill No. 126, for the relief of Florence Mitchel.—Mr. Martell.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

QUEBEC ORIENTAL AND ATLANTIC, QUEBEC AND WESTERN RAILWAYS

Hon. Mr. MARCIL (Bonaventure):

1. How much was paid in 1923 to the Quebec Oriental and the Atlantic, Quebec and Western Railways, respectively, for the carrying of the mails and under what arrangement?

2. Was any amount so earned paid to the Receiver General and what was that amount and under what arrangement?

Hon. Mr. STEWART (for Postmaster General):

1. Quebec Oriental railway, $21,490; Atlantic, Quebec and Western railway, $20,063.40. Under provisions of Order in Council P.C. 1896 of the 13th September, 1922, fixing rate of payment to railways for conveyance of mails and the regulations governing payment for such service.

2. Yes, Quebec Oriental railway, $6,017.20; Atlantic, Quebec and Western railway, $20,063.40. Under the provisions of section 8 of the subsidy acts, granting subsidy for the construction of that section of these railways between Black Cape and Gaspe, which required the railway to render service to the government up to three per cent per annum of the subsidy paid.

BRITISH PREFERENCE

Mr. CHURCH:

1. Have any representations been made to His Majesty's government of Great Britain regarding the British preference?

2. Is it the intention of the government to make such representations?

3. What communications, if any, have been received by the government on the question?

Right Hon. Mr. MACKENZIE KING: I might answer these questions orally, as follows: (1) At a meeting of the Economic Conference in Geneva, at the request of the British government, representations were made to the British government with respect to the British preference, and I tabled at an early stage this

session a copy of the representations that were then made. I think the representations also appear in Hansard.

(2) This question will be answered by the answer to No. 1 which I have just given.

(3) There have been numerous communications from industrial and other interests in Canada which come to the different departments.

FORT SMITH DISTRICT AGENT

Mr. SHAW:

1. Is Mr. C. S. MacDonald, Dominion Land Surveyor, an employee in the department of the Interior?
2. Was Mr. MacDonald appointed to the position of District Agent of the Northwest territories, at Fort Smith, N.W.T.?
3. If so, is Mr. MacDonald fulfilling the duties of that office? If not, why not?
4. (a) What person, if any, is acting as District Agent at Fort Smith, N.W.T.? (b) What salary does he receive and (c) from what fund is he being paid?

Hon. Mr. STEWART:

1. Yes.
2. He was notified by the Civil Service Commission to report on receipt of instructions from the department.
3. No. Has not got necessary administrative experience.
4. (a) J. A. McDougal; (b) Salary, $2,700, living allowance, $1,500; (c) Northwest Territories Administration vote.

MR. G. F. KNIGHT

Mr. DELISLE:

1. Has one G. F. Knight been removed from the situation of superintendent of St. Malo shops, Quebec city, and if so, at what date?
2. Is the same G. F. Knight still employed by the Canadian National Railways, and if so, where, and in what capacity?
3. What salary was the said G. F. Knight receiving when superintending the St. Malo shops, and what salary is he receiving now?

Hon. Mr. GRAHAM:

1. Yes, transferred, March 31, 1924, to Moncton, as efficiency engineer.
2. Answered by No. 1.
3. The railway management do not consider it in the interests of the railway to publish this information.

CANADIAN NATIONAL RAILWAYS—EMPLOYEES' UNIFORMS

Mr. DOUCET:

1 What tailoring firm or individual was given the order for uniforms for the uniformed employees of the Canadian National Railways?
2. At what price was the order given?
3. What quantity is ordered per year (a) of suits; (b) of overcoats; (c) of caps?

Hon. Mr. GRAHAM: These questions are very indefinite. As to the first—name of firm or individual supplying uniforms it is to be remembered that the line extends over 22,600 miles. As to the second question, it is likely that there would be different prices. And the third question is as to quantities.

I call attention to the fact that I gave similar information to this on another matter last year. It is going to cost the Canadian National Railway Company considerable money. The Canadian National Railways got a very good price on some of their rolling stock and other companies were charged a higher price. As soon as I tabled the information the other companies, of course protested, with the result that the Canadian National Railways have been instructed that they cannot buy any more goods at that price, and that they will have to pay the high prices. Hon. members will see that difficulties sometimes arise if these prices are given to competitors, with a loss to the railway, if not to the country.

Sir HENRY DRAYTON: I concur to a certain extent with what the minister says. The position we have always taken has been that any information in connection with current business which would hurt the carrying on of the concern ought not to be given, and that only information which has regard to the ordinary management in connection with past years should be given. The situation is different so far as capital is concerned.

WELLAND CANAL POWER CONTRACTS

Mr. CHURCH:

1. What are the terms of the contracts or agreements or leases between the Cataract Power Company or the Dominion Power and Transmission Company and the government in respect of the use of water from the Welland canal for power purposes?
2. How much water is allowed to be diverted from the Welland canal under the terms of the leases or agreements?
3. What is the installed capacity of the Decew Falls plant?
4. How much water in cubic second feet is required to operate this plant to full capacity?
5. How much water is being used to carry the load there now?
6. Do the terms of the lease or leases provide for an unlimited use of water to operate at maximum capacity?
7. What are the annual rentals payable to the department for the uses of these waters?
8. Have these rentals been paid in full to date?
9. If not, how much is the company in default on rentals?
10. Is the rental called for in any way related to the maximum use of the water?

Hon. Mr. GRAHAM:

1. The date of the leases is December 31, 1902. Provision is made for three terms of twenty-one years each with rental to be ad-

justed at each renewal date. The flow lease is 1,000 cubic feet per second from the Welland canal at Allanburg. The annual rental for the term ending December 31, 1923, was $30,000, plus $60 per cubic foot per second of flow in excess of 1,000 cubic feet per second. The lessee agrees to supply all necessary power for the lighting and operating of the Welland canal at rates satisfactory to the lessor.

2. See answer to question No. 1.

3. Approximately 45,000 horse power.

4. Approximately 1,750 cubic feet per second.

5. The average daily consumption is approximately 1,250 cubic feet per second.

6. No.

7. See answer to No. 1.

8 and 9. The fixed rental for the term ending December 31 last, is paid in full. The rentals for any excess flow are subject to legal determination. The renewal of the lease for the second term has not yet been completed.

10. No, for years in which the maximum use does not exceed 1,000 cubic feet per second: Yes, for each year in which the maximum use exceeds 1,000 cubic feet per second.

ONTARIO HYDRO-ELECTRIC

Mr. CHURCH:

1. Are rentals collected from the Hydro-Electric Power Commission of Ontario in respect of waters of the Trent canal used for power purposes?

2. What rentals are payable by the Hydro-Electric Power Commission in respect of waters of the Trent canal used for power purposes?

3. Have these rentals been paid in full?

4. What amount of rental was due from the Dominion Power and Transmission Co. (Cataract Power Co.) for the last fiscal year, and what does this rental amount to in comparison with the maximum horse power developed?

5. What amount of rental was due from the Hydro-Electric Power Commission for their various power developments on the Trent canal at the close of the last fiscal year, and what does this rental amount to in comparison with the maximum horse power developed?

Hon. Mr. GRAHAM:

1. Yes.

2. $74,080, plus additional rental up to a maximum of $8,117 for the use of extra installation.

3. Yes.

4. $30,000, plus an amount for the use of flow in excess of 1,000 cubic feet per second, which amount is subject to legal determination.

5. $55,802. There is no relation between this amount of arrears and the maximum horse power developed. The total annual rental for the term ending October 31, 1923, was equivalent to $1.79 per horse power of turbine installation.

RURAL MAIL ROUTES

Mr. FINDLAY:

1. How many Rural Mail routes has the government opened since coming into office?

2. Where are these new routes situated?

3. At what dates were they opened?

4. In how many towns or cities has free mail delivery been given or extended?

5. What towns or cities have been so favoured?

Hon. Mr. STEWART (for the Postmaster General):

1, 2 and 3. Port Credit Rural Route No. 2 (Ontario), 16th January, 1922.

Hanna Rural Route No. 2 (Alberta), 1st April, 1922.

Bentley Rural Route No. 2 (Alberta), 6th May, 1922.

Killam Rural Route No. 2 (Alberta), 1st February, 1923.

Port Haney Rural Route No. 1 (British Columbia), 1st September, 1923.

West Devon Rural Route No. 1 (Prince Edward Is.), 1st January, 1924.

Chateauguay Rural Route No. 2 (Quebec), 1st January, 1922.

The above were authorized before the present government took office although established on the dates mentioned.

Killam Rural Route No. 1 (Alberta), 4th July, 1922.

Clarkleigh Rural Route No. 1 (Manitoba), 3rd April, 1923.

Hayfield Rural Route No. 1 (Manitoba), 1st September, 1922.

Hayfield Rural Route No. 2 (Manitoba), 1st September, 1922.

North Edmonton Rural Route No. 2 (Alberta), 1st October, 1923.

Westlock Rural Route No. 2 (Alberta), 1st January, 1924.

The above are services which were temporarily suspended owing to inability to secure reasonable tenders.

Picardville Rural Route No. 1 (Alberta), 1st February, 1923.

Victoria Road Rural Route No. 1 (Ontario), 1st April, 1923.

Gunn Rural Route No. 1 (Alberta), 1st October, 1923.

Dunstable Rural Route No. 1 (Alberta), 14th March, 1924.

Hall's Harbour Rural Route No. 1 (Nova Scotia), 1st August, 1923.

Centreville Rural Route No. 2 (Nova Scotia), 1st October, 1923.

Shelburne Rural Route No. 2 (Nova Scotia), 1st November, 1923.

Stanley Rural Route No. 7 (New Brunswick), 17th July, 1922.

West Bathurst Rural Route No. 3 (New Brunswick), 1st May, 1923.

Hampton Rural Route No. 2 (New Brunswick), 1st June, 1923.

Hartland Rural Route No. 5 (New Brunswick), 1st August, 1923.

Tobique River Rural Route No. 1 (New Brunswick), 1st October, 1923.

Coldstream Rural Route No. 3 (New Brunswick), 1st November, 1923.

Coldstream Rural Route No. 4 (New Brunswick), 1st January, 1924.

Shannon Rural Route No. 3 (New Brunswick), 1st January, 1924.

College Bridge Rural Route No. 1 (New Brunswick), 8th February, 1924.

St. Jean Port Joli Rural Route No. 2 (Quebec), 14th February, 1924.

St. Isidore Junction Rural Route No. 1 (Quebec), 16th October, 1922.

St. Clothilde de Chateauguay Rural Route No. 1 (Quebec), 15th December, 1922.

Abbotsford Rural Route No. 2 (Quebec), 9th March, 1924.

Ange Gardien de Rouville Rural Route No. 2 (Quebec), 9th March, 1924.

Vinton Rural Route No. 1 (Quebec), 19th March, 1923.

Keene Rural Route No. 3 (Ontario), 15th October, 1923.

The above are rearrangements of services which were already in existence when the present government took office.

St. Fortunat Rural Route No. 1 (Quebec), established 11th February, 1924.

4. Inauguration of letter carrier delivery, name of town, number of additional carriers employed, and date inaugurated: Waterloo, 5, July 3, 1922. North Bay, 7, October 7, 1922.

5. Extension of letter carrier delivery, name of town, number of additional carriers employed, and date of extension: Hamilton, 1, December 16, 1922. Windsor—Sandwich West, 2, Sandwich and Ford, 5, April 1, 1923. Niagara Falls, 2, June 30, 1922; 2, February 2, 1924. Oshawa, 1, December, 24, 1923. Fredericton, 1, March, 8, 1922. St. John, 1, June 30, 1922. Ottawa, 6, November 19, 1923. Peterboro, 1, November 19, 1923. Winnipeg, 2, December 16, 1922; 3, February 24, 1923; nil, July 17, 1923. Saskatoon, nil, June, 5, 1922; nil, to 10 houses only, October 17, 1923; nil, to 6 houses only, January 2, 1924; nil, to 53 houses, February 14, 1924; nil, to 7 houses only, May 13, 1924. New Westminster, 1 November 10, 1922. Edmonton, nil, to 3 houses only, December 8, 1922, Edmonton, nil, to 6 houses, June 1, 1923. Nanaimo, nil, March 15, 1922. Vancouver, nil, September 11, 1922. Vancouver, nil, to 2 houses, September 25, 1923. Calgary, nil, to 14 houses, November 14, 1922. Toronto—Keelesdale District, nil, June 1, 1923; Rivercourt District, 1, January 15, 1924; Warren Crescent, 1, O. C. March 8, 1922; section of Lambton, Flats and to both sides of Dundas street to Humber river, November 18, 1922. Section of Spadina Heights bounded by Coulson avenue, Bathurst street, Burton road to Spandina road and Kilberry avenue, 1, O. C. March 8, 1922, November 22, 1922. Certain residents of Don Cliffe drive easterly from 3261 Yonge street, nil, March 13, 1923.

[Mr. C. A. Stewart.]

CANADIAN NATIONAL RAILWAYS—MILEAGE OPERATED

Sir HENRY DRAYTON:

What was the railway mileage operated by the Canadian National Railways (a) in the Atlantic; (b) Central; and (c) Western regions in the year 1923?

Hon. Mr. GRAHAM:

Atlantic Region	2,760.08
Central Region	7,830.91
Grand Trunk Western Lines	991.69
Western Region	10,268.21
System steam operated mileage December 31st, 1923	21,850.89

BANK NOTE CIRCULATION TAX

Mr. GARLAND (Bow River):

1. Is there a tax on bank note circulation in the Dominion?

2. If so, what is the amount and in what manner is it applied?

3. When did it come into force?

4. How much revenue has been received in each year from this source?

5. What is the cost of collection?

Hon. Mr. ROBB:

1. Yes.

2. One fourth of one per cent quarterly calculated on the basis prescribed by section 3 of the Special War Revenue Act, 1915.

3. 1st January, 1915.

4.

1915-16	$ 1,300,446.80
1916-17	1,114,023.30
1917-18	1,115,757.65
1918-19	1,099,764.44
1919-20	1,170,223.45
1920-21	1,257,533.70
1921-22	1,293,697.43
1922-23	1,244,437.14
1923-24	1,236,957.57

5. The expenses of collection are inconsiderable, as the tax does not involve the employment of any special staff.

HON. WILLIAM PUGSLEY

Mr. HANSON:

1. How long has the Honourable William Pugsley occupied the position of Investigator of War claims?

2. How much has he drawn of public moneys during the period he has been so employed?

3. How much of this has been salary and how much expenses?

4. How many claims have been heard, and how many decisions given?

5. What has actually been done as a result of the decisions given?

Hon. Mr. COPP:

1. Appointed 13th March, 1923.

2. $15,020.72.

3. Salary $10,209.68; expenses $4,811.04.

4. 528 claims have been heard aggregating $31,295,619.99 but no decisions have been given.

5. Answered by the latter part of No. 4.

UNOPPOSED MOTIONS FOR PAPERS

KOOTENAY FLATS

Mr. HUMPHREY:

For a copy of all letters, telegrams, memoranda, orders in council, and other documents in the possession or under the control of the government of Canada or any department thereof, of date subsequent to April 12, 1922, relating to the proposed reclamation of the area in the province of British Columbia and the state of Idaho known as the Kootenay Flats.

CANADIAN NATIONAL RAILWAYS—COAL

Mr. CARROLL:

For a copy of all letters, telegrams, receipts, vouchers, tenders, awards and other documents having reference to or bearing on an item of $7,366,091.85, Canadian National Railways, Toronto, Coal, as appears in Auditor General's Report Volume III, year ending March 31, 1923, at page W-184, including the names of the persons, firms and corporations from whom the Canadian National Railways purchased said coal and the prices paid therefor and any contracts in writing relating to said coal.

Hon. Mr. GRAHAM: I ask the hon. member to allow this motion and the following motion which appears in his name relating to the same matter, to stand. Perhaps I can get the information, but I will let him know in a day or two.

Mr. SPEAKER: Stands.

LEAGUE OF NATIONS—LABOUR

STOKERS AND TRIMMERS—AGE

Right Hon. W. L. MACKENZIE KING (Prime Minister): On behalf of the Minister of Labour (Mr. Murdock), I beg to move that the House go into Committee of the Whole on Tuesday next to consider the following proposed resolution which stands in his name:

Resolved, That it is expedient to bring in a measure to confirm a certain Draft Convention fixing the minimum age for the admission of young persons to employment as trimmers or stokers, adopted at Geneva on the 11th day of November, 1921, by a General Conference of the International Labour Organization of the League of Nations; to provide that any persons under the age of 18 years shall not be employed or work as trimmers or stokers on vessels engaged in maritime navigation excluding ships of war, vessels mainly propelled by other means than steam, and school ships, or training ships.

Motion agreed to.

CHILDREN AND YOUNG PERSONS EMPLOYED AT SEA

Right Hon. W. L. MACKENZIE KING (Prime Minister) (for the 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 confirm a certain Draft Convention concerning the Compulsory Medical Examination of Children and Young Persons Employed at Sea, adopted at Geneva on the 11th day of November, 1921, by a General Conference of the International Labour Organization of the League of Nations; to provide that the employment of any child or young person under 18 years of age on any vessel engaged in maritime navigation, other than vessels on which only members of the same family are employed, shall be conditional on the production of a medical certificate attesting fitness for such work and that the continued employment at sea of children and young persons shall be conditional on the repetition of medical examination at intervals of not more than one year.

Motion agreed to.

LOSS OF SHIP—UNEMPLOYMENT INDEMNITY

Right Hon. W. L. MACKENZIE KING (Prime Minister) (for the 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 confirm a certain Draft Convention concerning Unemployment Indemnity in Case of Loss or Foundering of the Ship, adopted at Genoa on the 9th day of July, 1920, by General Conference of the International Labour Organization of the League of Nations; and to provide that in the case of loss or foundering of any vessel the service of a seaman shall terminate before the date contemplated in the agreement, he shall be paid unemployment indemnity for the days during which he remains in fact unemployed for a period not exceeding two months.

Motion agreed to.

WAYS AND MEANS

SALES TAX

The House in committee of Ways and Means, Mr. Gordon in the chair.

1. Resolved, That it is expedient to introduce a measure to amend the Special War Revenue Act, 1915, and amending acts, by providing that the rate of the consumption or sales tax imposed by section nineteen BBB of the said act shall be reduced from six per cent to five per cent.

Hon. J. A. ROBB (Acting Minister of Finance): The hon. member for West York (Sir Henry Drayton) on Friday evening made

some constructive suggestions regarding the administration of the sales tax. He pointed out that in a return tabled at a previous session, it had been stated that 3,170 firms were in arrears. I have had the officers of the department go carefully through the records, and I am now in a position to say to my hon. friend that a large number, probably 50 per cent, were in arrears under the 1920 act, and a large proportion of the balance of those cases arose under the 1922 act, which, for administrative purposes, was the same as the 1921 act. When we consider the amount of revenue collected, namely, over $100,000,000 in 1923-24, the outstanding items are not unduly large and no trouble in their ultimate adjustment is anticipated.

The proposed resolutions now before the committee provide that all wholesalers may be granted a license on an equal footing. The resolutions do away with the exemption from license of manufacturers of goods under $10,000 per annum. This is designed to protect further the revenue and also to protect large manufacturers against unfair competition by smaller manufacturers, which competition in some cases in the aggregate, is considerable.

The hon. member also referred to subsection 9 respecting the refund on goods imported free of duty. The purpose of this subsection is to protect a manufacturer who imports raw materials in respect of which, on the sale by the manufacturer, the freight paid would be included in the value on which sales tax had been paid. The discrimination would be in the case of an importer of a like finished product the freight on which would not be included in the value for sales purposes.

The hon. member also stated that wholesalers are divided into two categories—licensed and unlicensed. The new resolutions provide that all wholesalers may now be licensed. The object of this change is to simplify the administration by reducing the numerous cases of refunds to which my hon. friend very correctly referred as involving private and public expense.

The purpose of paragraph B of section 12 to which the hon. member also referred, is to facilitate the securing of refunds. Under the proposed resolutions any wholesaler may take out a license, and to this extent paragraph B will be applicable. Deductions of sales tax on goods on hand on January 1, 1924, will be all disposed of by June 30, 1924. These refund claims have already been largely disposed of.

[Mr. Robb.]

My hon. friend referred to subsection 13 which provided that the minister may determine the value for the tax in circumstances where it is difficult to determine the value otherwise. This section deals with a very restricted class of cases, and it is modelled upon section 46 of the Customs Act which has been in existence since 1888.

Sir HENRY DRAYTON: I have not been quite able to follow my hon. friends remarks; it is rather hard to follow anything in connection with this matter; but I was able to follow one thing and that is that he says—I hope he will correct me if I am wrong—that perhaps fifty per cent of all these arrearages are in connection with the legislation of 1921.

Mr. ROBB: That is the memorandum from the department.

Sir HENRY DRAYTON: What kind of enforcement of law does the minister conceive that to be? It is more inconceivable now than it ever was. As regards the admission of the goverment that they have left uncollected sales taxes, to the extent that is now admitted, ever since 1921, the excuse is worse than the original suggestion. What possible excuse is there for this? Are there favoured traders? This is a tax that under its idea ought to be collected promptly. I admit that in connection with every one of these changes in taxation we have delays. There has to be erected for it machinery which it takes a considerable time to get properly working. I forget now whether it was in May or in June 1921 the act to which my hon. friend refers came into operation; and I freely admit that of necessity the department would require some time before it could get the new legislation working effectively. But it is a long time now since the close of 1921. What possible excuse can the minister put forward for the statement which the department is now giving us?

Mr. ROBB: I hope my hon. friend has not gathered the impression that the statement was intended as a reflection on an act passed during his administration. That was very far from my thoughts. I quite agree that a new act always involves changes and delays, but I am advised by the department that in large part these delays are due to the fact that litigation is pending in the courts: appeals are made to the courts and we have to await the ruling.

Sir HENRY DRAYTON: That is quite right in some cases. There was a delay, for instance, in connection with an action brought by the retail merchants with particular refer-

ence to the tailors. That is the only case I have in mind at the moment, however, and it was decided months, if not indeed years, ago; I think the decision was given in 1922,—my hon. friend's adviser is here and he can tell us whether that is correct or not. I am strongly of the view that there are no legal questions outstanding which at all turn on the legislation of 1921, when we got rid of the question of the wholesaler on the one hand and the retailer on the other. I think my hon. friend is wrong.

Mr. ROBB: I cannot give my hon. friend the details, but the information given to us by the department was to the effect that the delay was due to the courts. I take no serious issue with the statement of my hon. friend that as far as possible the sales tax should be collected pretty sharply, for that is the only way in which any business can be run. But when we consider the total amount of taxes collected and the small amount that is outstanding, I think my hon. friend will admit that the department is doing fairly well.

Sir HENRY DRAYTON: But we do not know what the amount outstanding is.

Mr. ROBB: I have not the figures, I am sorry.

Sir HENRY DRAYTON: The minister ought to give us that information so that we might see whether the amount outstanding is reasonable or not.

Mr. ROBB: I will get it.

Mr. MacLEAN (Prince): There is another side to the question. I have received a number of letters from firms who claim that they are charged the sales tax over and over again under the regulations that came into effect last January, when they were allowed to show the sales tax on their invoices. Previous to that, they say, they had absorbed the sales tax in the price, and then they were allowed to show it on the invoice. The merchants complain now that instead of paying 6 per cent they pay in some cases 8 and 10 per cent and even as high as 14 per cent. I do not know whether or not this complaint is well founded, but I have received a number of communications to this effect. Another complaint that has reached me, in regard to which I have received many letters, is that the wholesale houses have intimated to the retailers their refusal to deduct from their prices the percentage of the reduction in the sales tax. It seems to me that if there is a penalty for failure on the part of manufacturers to collect the sales tax, the government should be equally strict in seeing to it that in regard to any reductions that have been made in the tax, and any exemptions from the sales tax that have been provided, the benefit should go to the retail merchants and the public in general. I am not going to weary the House by reading the letters that I have received unless I am asked to do so; but I want to repeat that it is the duty of the government to make sure that any reductions brought about in the sales tax are put into effect. We have had the statement from an hon. gentleman in this House that steel had been reduced in price, as well as other articles that enter into the manufacture of goods affected by the sales tax. If that is so the price to the consumer should be proportionately less. The letters that I have received from various firms go to show that notwithstanding the fact that the tax on many articles has been reduced or abolished there has been no corresponding reduction in price. This is a matter well worth the attention of the government.

Mr. ROBB: With reference to the remission of the sales tax, I think my hon. friend will see that this is a question that must be settled between the dealer and his customers; I have only to state the fact for him to understand how impossible it is for the government to undertake to settle with all the wholesalers from the Atlantic to the Pacific. If the wholesaler or the manufacturer does not deal fairly with the retailers I fancy they will take care of him. As to the complaint that certain dealers are not reducing their prices in keeping with the reductions in the sales tax, that is a matter which will be adjusted by competition. And competition, I think, is being provided.

Sir HENRY DRAYTON: I want to point out to the minister that the answer that was given by the Minister of Customs (Mr. Bureau) deals with the question of litigation. In the month of May the Minister of Customs answered:

> It is not possible to state the amount of sales tax due by provinces, as at 1st February, 1924,

That was three months after the time the taxes ought to have been paid, because the Acting Minister of Finance (Mr. Robb) admits that these taxes ought to be collected concurrently with business. It is impossible even to tell what the balance is. For the minister's information I may say that I am quoting from Hansard of May 7, at page 1906. At that time the Customs department could not tell us what was owing to them. My hon. friend stated a little while ago that the amount was negligible, but I would point out that he does not know. If the answer given by the Minister of Customs is right, no one

knows anything about the matter except that the taxes are not being collected; that is all we know. My hon. friend ought to bring down to the House a statement showing what taxes are uncollected and what balance is due. As to the number of firms which the department knew to be in arrears, I would point out that the answer given by the department obviously is incomplete, because they cannot say what firms are in arrears when they do not know what taxes are owing as far back as February 1924. To regard this answer as complete can only mislead the House. But in that incomplete answer, which gives the grand total of firms in arrears as 3,170, the list is subdivided showing the number of those who are in arrears three months and under, and those in arears over three months. Those in arrears for three months and under total 704. I do not know as at what date that would be, because we are not given that information. Then firms in arrears for over three months number 2,466. The answer proceeds:

Of the 2,466 firms and individuals in arrears of sales tax for a period of over three months, 431 are retail bakers and confectioners who have refused to pay sales tax pending the decision of the Supreme Court in the case of Rex vs. Versailles Sweets;—

So 431 firms are in arrears as the result of pending litigation. I should like to be corrected if I am wrong, but I think the baker question arose on the legislation of two years ago. Mr. Russell is here and he can say if I am wrong.

Mr. ROBB: He does not know.

Sir HENRY DRAYTON: In the absence of any information I am going to assume that my recollection is correct. The answer continues:

—442 are cases of firms and individuals in liquidation; 363 firms and individuals are paying arrears by instalments and prosecutions have been entered in 463 cases.

In the balance of the cases the department is corresponding with the firms and individuals concerned with a view to making satisfactory arrangements for payment of arrears before legal action is taken.

These latter cases require nursing as drastic action would probably result in financial failures.

Does not my hon. friend think the committee should be informed what taxes are in arrears and how long they have been in arrears? Surely, by this time the department knows what taxes are owing of the end of last month. Perhaps my hon. friend will give the committee information as to how long arrears are allowed to stand before any check is attempted, and when the accounts are sent in.

Mr. ROBB: I am not sure that I am able to give my hon. friend the exact information he requires. I point out to him, however, that under the special War Revenue Act of 1915 there is this proviso which safeguards the government:

Notwithstanding the provisions of the Bank Act and the Bankruptcy Act, or any other statute or law, the liability to the Crown of any person, firm or corporation, for payment of the excise taxes specified in the Special War Revenue Act, 1915, and amendments thereto, shall constitute a first charge on the assets of such person, firm or corporation, and shall rank for payment in priority to all other claims of whatsoever kind heretofore or hereafter arising save and except only the judicial costs, fees and lawful expenses of an assignee or other public officer charged with the administration or distribution of such assets.

So the government are fairly well protected. I think my hon. friend will admit that it is difficult to give the exact information, because some of these cases may be pending in court; some of the firms may be bankrupt and it has not been determined whether there is sufficient to pay even the government claims. For that reason the detailed information which my hon. friend requested, and quite reasonably, has not been brought down. Obviously the officers could not bring down information of which they are not certain. But to show that they are doing fairly well I may point out that under the sales tax of 1923-24 the collection was more than $100,000,000, an increase of $10,000,000 over 1922-23, and an increase of $39,000,000 over 1921-22. It seems to me that that is sufficient evidence that they are not neglecting the business of the country but are collecting these taxes fairly well.

4 p.m.

Sir HENRY DRAYTON: I would think, Mr. Chairman, that those figures absolutely prove the situation which these returns indicate. Surely you would expect with the doubling up of the tax a doubling up of the previous receipts. We started in with a sales tax of one and one, and then one and a half and one and a half. My hon. friend goes back to the one and a half and one and a half, totalling three, and compares that with a net of six per cent, and thinks it a matter for congratulation because the collection is $39,000,000 more. On that basis it should be much more. But further than that, the machinery for collecting the tax ought to be so much better, and I would expect to find a multiple instead of a mere increase. Just look at what happened in connection with the sales tax, collections went up rapidly just as soon as the machinery was perfected and in running order. If my hon. friend cannot bring down the information, I do not know where we can get it unless we move for a special committee to find out just how this tax is working and what the trouble is in

collecting it. It is information which ought to be available, for it touches every business in the country.

Mr. ROBB: I have been looking at the return brought down on May 7, and considerable care seems to have been taken in its preparation. I imagine the department brought down all the information then available. May I point out to my hon. friend that while it is true the tax was increased fifty per cent, the revenue was increased sixty per cent?

Sir HENRY DRAYTON: One hundred per cent; it is double—from three to six per cent.

Mr. ROBB: No.

Sir HENRY DRAYTON: Certainly. Surely my hon. friend knows the history of this legislation. The first tax was one and one, the second was one and a half and one and a half the third was an addition by the right hon. Minister of Finance (Mr. Fielding) making an increase of fifty per cent, and then it was made six per cent. Now six per cent is not an increase of fifty per cent on three per cent, but an increase of one hundred per cent.

Mr. ROBB: The increase of fifty per cent, as a matter of fact, only applied in one instance. There was no pyramiding of the tax as under the previous act.

Sir HENRY DRAYTON: In the debate of last year it was shown that there was a pyramiding of the tax. Surely my hon. friend can tell us down to what date we can find out the truth about the collection of these taxes. This government run their business in such a way that they do not know what is owing to them in connection with current taxation as far back as February last. My hon. friend can at least say down to what date they have followed this business and know where it stands. Do they know as far back as the end of last year what was owing, and will they condescend to give us that information?

Mr. ROBB: On May 7 the Minister of Customs tabled replies to questions which my hon. friend himself has just read to the committee. Those replies were based on the records of the department. My hon. friend must be reasonable. He knows very well, it takes some time for the minister to get returns from all the different outposts in different parts of Canada. I shall direct my hon. friend's inquiry to the department, and if there is available information more complete and up-to-date, I promise him he shall have it.

Sir HENRY DRAYTON: But there must be some date on which the information is complete, and I merely ask my hon. friend what date that is. Here is the answer that was given:

> It is not possible to state the amount of sales tax due by provinces, as at 1st February, 1924, as audits have not been completed to that date.

To what date have we completed the audit? At what time does the department know how the business stands? Surely that is a very plain and simple question. Will my hon. friend undertake at least to give the House that information?

Mr. ROBB: I will undertake to direct the inquiry of my hon. friend to the minister in charge and to the department, and will endeavour to have the information to-morrow.

Sir HENRY DRAYTON: Had this not better stand till the minister in charge is here? He might be able to tell us at once.

Mr. ROBB: I think we had better try and make some progress.

Sir HENRY DRAYTON: Does my hon. friend know whether there has ever been an audit yet? Here we have evidence that it cannot be told how we stand on 1st February, 1924. Has the department ever been in a position to know how we stand? Surely my hon. friend can tell us that.

Mr. ROBB: I would like to say this for the department. As Acting Minister of Finance it was but natural for me—and, I imagine, for my friend when he was Minister of Finance—to take a great interest in the administration of the Customs department, which is the big collecting department of the country's revenues. I am advised that there is no department of the public service that has a better check-up system than the Customs department, and if anyone has any doubt about it, let him try and smuggle an automobile or anything else into Canada and see how quickly he will be rounded up.

Sir HENRY DRAYTON: We are now getting into automobiles, instead of customs taxes, but I think that is probably the nearest argument my hon. friend can make with the information he has.

Mr. CALDWELL: What machinery has the government for seeing that everybody pays sales tax who should pay it? I would also like to refer to a remark made by the hon. member for West York on Friday last, a remark with which I thoroughly agree. There does not seem to be any very sound principle on which this sales tax is based. I interjected

on Friday last that I did not think there ever was any sound basis for a sales tax. I have always objected to it, and the discussion to-day has only confirmed my conviction that this tax is not based on any sound principle. It would be impossible for the government to see that everybody pays this tax who should pay it, without maintaining costly and cumbersome machinery. It is evidently quite hard for them to make an audit and find how much sales tax is outstanding. The sales tax is based on consumption, certainly. Now I think we will all agree that in order to prosper we must facilitate business in every way possible, but the sales tax, to my mind, is a clog on the wheels of industry. It is a fine on every one who attempts to do business in the commodities that bear the tax. The sound principle is to tax a man on what he is worth, and not on what he consumes. I would even be willing to do away with the exemptions in regard to income tax, and tax even small incomes a slight amount, with very sharp gradations in the tax as the incomes become greater. I think that is the only sound way in which to raise taxation. Take a poor labourer with ten children—and it is usually the poor man who has a large family; I do not know just what the reason is, but that is usually the fact—he is paying an equal amount on the goods he consumes as the millionaire, which I think every one will admit is not a sound principle. Then, take different classes and different occupations. Some occupations are buying far more goods bearing a sales tax than others. Take the farmer, for instance. Previous to this budget—he had to pay sales tax on a large amount of the equipment necessary in his business. Compare him with a city lawyer, whose only equipment is his books.

Mr. ROBB: Upon what equipment does the farmer pay sales tax now?

Mr. CALDWELL: Not under the present budget, but under the previous budget he had to pay a sales tax on his machinery and practically all his raw material, except fertilizer.

Sir HENRY DRAYTON: Not on his raw material.

Mr. CALDWELL: Yes, I would like my hon. friend to name one raw material on which the farmer did not pay sales tax previous to this budget. He paid sales tax on fertilizer up until last year or the year before. I urged the Minister of Finance of that day to put fertilizer on the free list. He did not do it, but he removed the sales tax, because, I think, he realized it meant an immense tax on the man who was using fertilizer. Contrast the sales tax paid by the farmer previous to this budget with what the city lawyer paid,—and by the way, I do not think there is much comparison between their incomes. The farmer who has only been making a debt in the last four years was paying a sales tax on everything he bought. I would like to go further and refer to the soldier settler, who has had a very hard struggle to stay on the land, and a great many of whom have already left. They had to pay sales tax on all their equipment. Therefore, I do not think the sales tax was ever based on a sound business principle. I would like to know from the minister what machinery the government has for seeing that everybody who should pay the sales tax does pay it.

Mr. ROBB: They have inspectors going about from place to place all the time, and it is because we are satisfied that some people have been evading the tax that we are introducing this legislation to provide for a more complete survey. I would like to ask my hon. friend a question; he has asked me one: What system of taxation better than this would he suggest to get $100,000,000 of revenue?

Mr. CALDWELL: I can tell my hon. friend very readily; I thought I had answered that when I was on my feet; I suggest income taxation. Do away with the exemption on an income of even $2,000, if you like. You will naturally have to tax a small income a very slight amount, but then the tax could rise with very sharp gradations. I think that is the only sound principle upon which to tax, because it is taxing a man on what he is worth. Take a man working in a mill for three dollars a day, and having ten children. He has to pay a sales tax of six per cent on all the boots and shoes he buys for his children,—I am not speaking of this budget. How many of his children will have boots and shoes to wear to school? I admit that this budget has made a great difference. Still, the sales tax is not based on a sound principle, and I am speaking of the principle of the thing, not the degree or extent of the tax. With a sales tax of six per cent on boots and shoes, a man working in a mill at three dollars a day and raising a family—

Mr. ROBB: I object to my hon. friend referring to a sales tax of six per cent on boots and shoes. There is no such tax in existence to-day.

Mr. CALDWELL: I admit that; the tax is only 2½ per cent to-day. But it is not the extent of the tax I am speaking of; it is the principle of the tax I object to.

Mr. BAXTER: I am not in the happy position of my hon. friend from West York and the minister. They both have been discussing how much money is raised under this law. I am at a loss, at the end of a three hour period that I spent trying to find out what the law was, to know what the law is. I have not found out yet, and I think it is going to take me a little longer. What I am going to say just now has no political bearing on the question. I am going to put in a plea for some convenience in legislation of this character. I am going to ask the minister, when the bill comes down, to give us a consolidation of the entire War Revenue Act. The statutes, I understand, are being revised, or are about to be revised. Now seeing that every merchant, and almost every lawyer, needs to consult this legislation it would be a matter of great accommodation if the statutes for this year were to show the act as it is without our having to refer to amendments here and there. This is a proceeding which takes up an enormous amount of time and patience, and when you have gone through it all, you are not quite sure that you are right. I would really urge the minister to give that point consideration, and to have whatever is enacted in the way of a special war revenue act embodied in the statutes of this session so that those needing to consult this special act will not have to refer to anything else.

Now, I would ask the minister if he would be kind enough to answer just one question. I had understood that the proposed reductions were estimated at $24,000,000. May I ask how much of that sum is attributable, or is supposed to be attributable, to the changes enacted in these resolutions?

Mr. ROBB: The sum attributable to the reduction from 6 per cent to 5 per cent is $16,000,000.

Mr. BAXTER: What about the other reductions?

Mr. ROBB: If my hon. friend applies to the Department of Customs he will find that they have for office purposes a consolidation of all the acts that have been in force from and after January 1, 1924.

Mr. FORKE: What is the title of that act?

Mr. ROBB: Special War Revenue Act in force on and after January 1, 1924. All the information needed is in this pamphlet.

Mr. BAXTER: I have no doubt somebody has prepared something of the kind but it is really not official. It is probably correct, but I have seen mistakes in compilations of that kind before. If my hon. friend accepts my suggestion and the government incorporates a consolidation of the War Revenue Act in the statutes of the present session it will be of the very greatest convenience to business and legal men. A great many practising lawyers and also a great many merchants, were not aware that the consolidated acts could be obtained from the Customs, and I did not know it myself until a few minutes ago. Now, I want to return to what the minister said as to the effect of these reductions. Do I understand that it means a reduction of $16,000,000?

Mr. ROBB: We estimate that the change from 6 per cent to 5 per cent involves a reduction in revenue of $16,000,000, but there are additional reductions that were made on boots and shoes, and other things that will bring the total up to $24,000,000. In addition to that, since the budget was brought down the government have made some reductions in the sales tax which will approximate $845,587.

Mr. CLARK: Have you made any increases since the budget was brought down?

Mr. ROBB: No.

Mr. BAXTER: I do not know if I have got the minister correctly or not, and I want to be clear on the point. I understood the minister to say that there was a reduction of $16,000,000 as the result of the change of one per cent?

Mr. ROBB: Yes.

Mr. BAXTER: And that the rest of the items that are spread on the second resolution would mean $8,000,000 more. That is to say, $8,000,000 is attributable to what I might call the exemptions in the resolutions that are proposed?

Mr. ROBB: Yes.

Mr. BAXTER: So I get the idea that $24,000,000 is the total reduction to be expected both from the changes in the customs tariff and in the sales tax? If that is an error I should like to have it corrected. I want to get a statement some time as to how much reduction will result in customs duties and how much reduction in the sales tax, and I want to get the amounts separately.

Mr. ROBB: May I refer my hon. friend to an authority I am satisfied he will not dispute. His leader speaking on the budget said the total customs reductions amounted to $700,000 in round figures.

Sir HENRY DRAYTON: Seven hundred and fifty thousands.

Mr. BAXTER: I understood that that information came from the department in some way. I do not know who gave the information, but I heard my leader make the statement and I also heard it challenged by hon. gentlemen opposite. It is not a matter of importance to me who makes the statement, but I want to get at the facts if there is anybody who can give them to me. Will the minister say that is practically a correct estimate?

If it is it surprises me. If it is not a correct estimate will the minister give me the very best estimate he can?

Mr. ROBB: That is the estimate that was made in the department.

Mr. BAXTER: But do you think it is right?

Mr. ROBB: When the budget was brought down it was $750,000.

Mr. BAXTER: Does the minister candidly think it is right?

Mr. ROBB: Since that date we have made further customs reductions amounting to $473,000.

Mr. BAXTER: Added to what?

Mr. ROBB: Made on the basis of importation.

Mr. BAXTER: Yes, but is it added to the $750,000?

Mr. ROBB: Yes.

Mr. BAXTER: Making about $1,250,000 altogether?

Mr. ROBB: Yes, about that—$1,223,000.

Mr. BAXTER: Then the total reductions from all sources will approximate $26,000,000, is that correct?

Mr. ROBB: Between $25,000,000 and $26,000,000.

Mr. BAXTER: That is near enough.

Mr. STEVENS: Could the minister give any idea of the amount of sales tax collections resulting from the increase and changes last year? The reason I ask the question is this: It will be recalled that the sales tax increases of last year did not apply in some cases until the middle of the year; did not apply in some cases until 1st January. If the minister could give an indication of the increase resulting from the changes of last year that information would be acceptable.

Mr. ROBB: As my friend has correctly stated this act only came into force on January 1, in a general way. Now, there has been a decrease in the sales tax. We expected that for the first six months. With the readjustment of business we anticipate the collections will increase and that we will get a revenue equal to the previous year, less the $24,000,000 concession we are making.

Mr. STEVENS: I understood from inquiries I had made that the result of last year's amendments would be a general increase of revenue. Could the minister give us some idea of the effect of the application of the two —that is, the old form of sales tax and the new 6 per cent brought in last year?

Mr. ROBB: The estimate in the department is that the general revenue for the year will not be any more than under the old act. There has been, as we expected, a decrease in the first few months' operation of the act. We expect that by the end of the year it will balance, and that we will get a revenue equal to that of the previous year.

Mr. STEVENS: Do I understand that for the fiscal year 1924-25—that is the current year ending next March—the returns from the sales tax, having in mind these reductions and everything, will be equal to that of the last fiscal year?

Mr. ROBB: It may be a little less, because we will only have about ten months' operation.

Sir HENRY DRAYTON: The minister told us he had a calculation showing $16,000,000 saved to the taxpayers and lost to the government by reducing the tax from 6 to 5 per cent. I ask for the details. What basis has the minister taken for that calculation?

Mr. ROBB: I take off one-sixth of the total tax.

Sir HENRY DRAYTON: If we take it in that way, what method is adopted for arriving at the other amounts which the department arrived at?

Mr. ROBB: Calculating on the basis of the importations and the production of the country.

Sir HENRY DRAYTON: I suppose this has been reduced to writing. It would save time if the minister would just table the memorandum, instead of answering questions on each item.

Mr. ROBB: I do not think I have that. I had a memorandum in front of me when I was presenting the budget. I may have it at six o'clock.

Mr. CALDWELL: Has the minister made a calculation of $16,000,000 due to the reduction from 6 to 5 per cent, compared with last year's revenue? The minister admits it only came into effect on 1st January; so that our 5 per cent sales tax the coming year will be a half per cent higher than it was for the previous year up to the 1st of January. This 6 per cent did not come into effect on very many articles until 1st January, and on some articles it came into effect on 1st August last. Is the minister making his calculation just as if the sales tax had been 6 per cent for the whole of the previous year?

Mr. ROBB: Yes, I made that calculation.

Mr. CALDWELL: Then does the minister think there will be a reduction of $16,000,000? Because the tax was lower a part of the year—less than 5 per cent. Does the minister not think I am right in that calculation?

Mr. ROBB: I would not admit that .

Mr. CALDWELL: I understand the suggestion of the hon. member for St. John (Mr. Baxter) only referred to the consolidation of the sales tax.

Mr. ROBB: Of all the acts.

Mr. CALDWELL: The Customs Act?

Mr. ROBB: No, the Special War Revenue Act.

Mr. CALDWELL: I would like to support that statement and supplement it by a further suggestion that the Customs Act should be consolidated up to date. We have the old Customs Act of 1907. I think that very few years since have passed in which it has not been amended in some form or other. I have had some experience in entering goods for customs duty. I remember on one occasion spending a whole afternoon with the customs official, when both he and I were in a hurry, trying to figure it out, starting from 1907, and taking the amendments which have been made since, we were trying to figure out what the duties were on some particular articles we were importing for building purposes. It is almost impossible for a customs official to tell you what the duty is on any given article. I suggest the minister should take into his serious consideration the matter of compiling a customs act to which an official could refer and tell you exactly the duty on any given article. It is not an impossibility, because it is figured out in that way in the Canadian Almanac. I referred this official to the Canadian Almanac, and asked if he had one, and he said he had not. It is not the duty of the official to do the figuring and I suggest the government prepare a document for the officials which would give this information, because we have an admission from a lawyer that he could not find out what the act meant. I think the minister will admit that it is pretty difficult for a layman to tell us anything about it, and most of the customs officials are laymen.

Mr. ROBB: I shall direct the attention of the Minister of Customs (Mr. Bureau) to these matters.

Mr. BAXTER: I submit there should not be, in the consolidation of the act, the numerous references, such as we find in some of the resolutions we are discussing. The numerical references to the Customs Act might be placed in the consolidated act, but the matters which the references stand for should be printed at length. It is very confusing to have to turn from the War Revenue Act, on the question of taxation, and refer to items 219a, 352a, and so forth. It is easily possible to enumerate these specific things, and it would be much better drafting, and would add incalculably to the convenience of the people who have to deal with it. The matter is so complicated—and perhaps necessarily so—that everything that we can do which would tend to simplify it, I think, should be done.

Mr. ROBB: I will admit at once that there is room for improvement in that respect.

Mr. STEVENS: Would the minister not bring in a schedule covering the items? My colleague and myself have been looking up some of these items, and it is somewhat difficult. I understand that some of the items, such as 445a, may not be the same items, as in the statute that we have in the Library, for instance; and there is no indication whether this is the new reference or the old reference. Consequently it becomes very confusing. If we had the schedule attached, showing exactly what 445 and 445a referred to, then we could figure it out.

Mr. ROBB: I have the details here, and if my hon. friend wants to know about any particular item, I will tell him.

Mr. STEVENS: When we come to the next item I want to discuss it.

Resolution agreed to.

2. Resolved, That it is expedient to introduce a measure to amend subsection one of section nineteen

BBB of The Special War Revenue Act, 1915, by providing that in computing the value of imported matches and of imported playing cards, the amount of the excise taxes imposed by part three, section sixteen A of the said act, and part four, section nineteen BB of the said act, shall be included in the value of such goods for the purposes of this act.

Sir HENRY DRAYTON: Are these both amendments to resolution of 10th April?

Mr. ROBB: No, 30th April.

Mr. STEVENS: We have not got that.

Mr. ROBB: It must be in the Votes and Proceedings of 30th April. The significance of this is that it has been ruled that the excise taxes on 16A and 19BB matches and playing cards, are taken into consideration for the purpose of the sales tax only for domestic consumption. The resolution is to put imports on the same basis as domestic articles.

Sir HENRY DRAYTON: Both are now being put upon the same basis, as I understand the minister.

Mr. ROBB: Yes, both domestic and import.

Mr. STEVENS: May I make a suggestion? As nearly as I can judge from reading Hansard and the two documents we have before us "Ways and Means resolutions, proposed amendments to resolutions of 10th April, 1924," this is really a complete substitution for resolution No. 2 in the original resolution introduced at the time of the budget. Would it not be well for the minister to move that the first resolution be dropped or discharged and that the committee proceed to consider the resolution to which I have just referred. Let us, at least, all be looking at the same documents at once, so that we may know what we are doing.

Mr. ROBB: I think the resolutions are right as they are.

The CHAIRMAN (Mr. Marcil, Bonaventure): This resolution of 30th April follows immediately resolution No. 1 in the resolutions of 10th April.

Mr. STEVENS: Will the Chairman then please read the motion as he intends to put it?

The CHAIRMAN (Mr. Marcil Bonaventure): (Reading):

2. Resolved, That it is expedient to introduce a measure to amend subsection one of section nineteen BBB of The Special War Revenue Act, 1915, by providing that in computing the value of imported matches and of imported playing cards, the amount of the Excise Taxes imposed by part three, section sixteen A of the said act, and part four, section nineteen BB of the said act, shall be included in the value of such goods for the purposes of this act.

[Mr. Stevens.]

Mr. BAXTER: Just to show the difficulty that is caused by drafting, I assume—and I am probably quite correct in the assumption—that the only excise taxes that are imposed on these things are imposed by the reference given, that is, part 3, section 16A and part 4, section 19BB of the act. But in this resolution, it says:

The amount of the excise taxes imposed by the said act.

It may be that there are two or three more kinds of excise taxes. It is this bit of enumeration that causes the most abominable confusion in all these customs and excise pamphlets.

Mr. ROBB: This has been submitted and passed upon by the law officers as it is. I think it is quite in order.

Resolution agreed to.

3. Resolved, that it is expedient to introduce a measure to amend The Special War Revenue Act, 1915, and amending acts, by providing that the following goods shall be exempt from the consumption or sales tax imposed by section nineteen BBB of the said act, that is to say:— books enumerated in Customs Tariff items 173 and 175; printed text-books authorized by the Department of Education of any province in Canada; and materials used exclusively in the manufacture or production thereof; goods enumerated in Customs Tariff items 45, 46, 64, 209b, 219a, dry preparations used for the same purposes as goods enumerated in item 219a, 281, 281a, 352a, 410, 410a, 445, 445a, 445b, 446, 446b, 447b, 448, 449, 450, 453b, 453c, 453d, 456a, 460, 460a, 460b, 460c, 460d, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 544, 591, 591a, 663b, 666, 667, 696; tubing enumerated in Customs Tariff item 1017; insulin; extract of rennet; poultry feed; ice cream; rice, cleaned; macaroni and vermicelli; meats, salted or smoked; carbolic or heavy oil, to be used only in creosoting logs and round unmanufactured timber; cream separators and parts thereof; cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of goods enumerated in Customs Tariff items 219a, dry preparations used for the same purposes as goods enumerated in item 219a, 281, 281a, 410, 410a, 445, 445a, 445b, 446, 446b, 447b, 448, 449, 450, 453b, 453c, 456a, 460, 460a, 460b, 460c, 460d, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 544, 591, 591a, 663, 663a, 663b, 666, 667, 696; tubing enumerated in Customs Tariff item 1017; articles and materials to be used exclusively in the manufacture of cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cream separators and parts thereof; materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods subject to the consumption or sales tax, manufactured or produced by a licensed manufacturer or producer; materials, not to include plant equipment, consumed in process or manufacture or production, which enter directly into the cost of goods enumerated in Customs Tariff items 281, 218a, 410, 410a, 445, 445a, 445b, 446, 446b, 447b, 448 449, 450, 453b, 453c, 456a, 460, 460a, 460b, 460c, 460d, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 544, 591,

591a, 663, 663a, 663b, 666, 667, 696; tubing enumerated in Customs Tariff item 1017; and by providing that on the following goods there shall be imposed, levied and collected only fifty per cent of the said consumption or sales tax, that is to say:—boots and shoes, including rubber footwear; biscuits of all kinds; goods enumerated in Customs Tariff items, 86, 105 and 106; creosoted railroad ties.

The CHAIRMAN (Mr. Marcil, Bonaventure): This resolution becomes No. 3, and under "further amendments to Ways and Means resolutions" the words:

And materials used exclusively in the manufacture or production thereof,

are added after the words "province in Canada," and customs tariff item 453d is added after customs tariff item 453c.

Sir HENRY DRAYTON: Will the minister explain what all that means?

Mr. ROBB: The particulars of the goods, included in the list of goods which are exempt from the consumption or sales tax, are as follows:

Tariff Items

173. Books for the deaf, dumb and blind.
175. Text books for colleges and scientific books.
45-46. Cereal foods and milk foods.
64. Sago and tapioca.
209b. Nicotine sulphate,
219a. Spraying preparations.
281-281a. Fire brick.
352a. Church bells.
410-410a. Chain.
445. Mowers, binders and repairs.
445a-445b. Articles that enter into the manufacture of agricultural implements.
446. Cultivators, harrows, etc.
446b. Ploughs.
447b. Thresher machines.
448. Other agricultural implements.
449. Axes, scythes, forks, etc.
450. Shovels and spades.
453b. Sawing mill machinery and logging machinery.
453c. Mining machinery.
453d. Steel dies, etc.
456a. Ingot moulds for the production of steel.
460. Mining machinery.
460a. Mining machinery.
460b. Coke-making machinery.
460c. Blast furnace machinery.
460d. Blast furnace machinery.
461. Mining apparatus.
461a. Mining apparatus.
466. Apparatus for hospitals.
466a. Apparatus for hospitals.
469. Well-drilling machinery.
506a. Crutches.
544. Binder twine and materials.
591. Farm and logging wagons.
591a. Freight wagons.
663b. Materials for fertilizers.
666. Explosives.
667. Explosives.
696. Philosophical and scientific apparatus, etc., for any college, school, etc.
1017. Tubing, lapwelded, of iron or steel, not less than four inches in diameter when used in casing water, oil and natural gas wells.

Articles and materials that enter into the manufacture and materials consumed in process of manufacture are exempted from the sales tax on most of the items specified.

Reduced by 50 per cent

86. Canned vegetables.
105. Canned fruits.
106. Jellies, jams and preserves.
Boots and shoes, including rubber footwear.
Biscuits of all kinds.
445a and 663b are included as goods enumerated etc., and in the item of materials consumed in process.

Articles added to the excepted list of April 10, 1924

64. Tapioca.
281-281a. Fire brick.
256a. Ingot moulds for use in the production of steel.
460c. Articles of metal when for use exclusively in smelting of iron ore.
460d. Machinery and apparatus of a class or kind not made in Canada for use exclusively in handling iron ore at an iron or steel plant.
1017. Tubing, lapwelded, of iron or steel not less than four inches in diameter when used in casing water, oil and natural gas wells.
Dry preparations used for the same purposes as liquid spraying preparations.

Reduced by 50 per cent

Creosoted railroad ties.

Sir HENRY DRAYTON: The items in this list are tied up with the other articles we have already had?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Will the minister give us the estimated loss in regard to each of these items?

Mr. ROBB: I have not that information here. I may say however that in the case of fire brick the reduction is $100,000; on ingot moulds $13,500; on blast furnace materials $30,000; on agricultural implements on hand on April 10, 1924, $224,000.

Sir HENRY DRAYTON: Are those refunds?

Mr. ROBB: Only in the case of agricultural implements; the others are reductions in sales tax. On materials for binder twine, in addition to what has been already given, the reduction is $5,000.

Mr. HAMMELL: Mention having been made of ploughs, I want to read to the committee an interesting announcement, more especially for the benefit of the hon. member for Brantford (Mr. Raymond). This statement appears in The Farmer's Advocate of May 15, 1924:

Price Reductions on Cockshutt Implements

Following the changes in the recent budget, we have revised our prices and reduced them to the full extent of the saving which will be effected by these changes.

The entire removal of the sales tax from farm implements is a very welcome and substantial relief from taxation, and the reduced cost of implements will be of direct benefit to our many customers.

We believe that Canadian farmers fully recognize and take a just pride in the merit of Canadian-made farm implements, and that, where a high standard of quality is maintained in the manufacture of these implements, they will be given preference.

Canadian farmers have set the world's standard in quality and production in farm products. Cockshutt implements have set a high standard and have taken a leading place in competition with the world's best production in agricultural implements.

COCKSHUTT PLOUGH COMPANY, LIMITED,
Brantford, Ontario.

Mr. NEILL: I have a small amendment which I desire to move, but before doing so I want to direct the attention of the minister to the enormous saving it would have been of trouble to hon. gentlemen if the information which he has just given us had been printed in his Ways and Means resolutions. For instance, he read just now section 219a and intimated in brackets so to speak, to what articles of goods it referred, and so on. It took me an hour the other day to trace all these different items out of the tariff and write their contents down in the margin of my paper, which now looks as though it had been walked over by a drunken chicken. Two hundred members had to do the same thing, or else come to this House and remain in ignorance of what was being discussed. Some of us have not got the tariff, and some of us who have got the tariff have not an up-to-date copy. The simple addition of a few words in each case would enormously have facilitated the passing of this resolution.

The amendment I want to move is only a small one. It is to insert before the word "poultry" on the tenth line the words: "Calf, cattle, hog or." The effect will be to add these to the exemption from the sales tax and the line will then read: "Calf, cattle, hog or poultry feed." At present only poultry feed is proposed to be exempted. The change I propose would simply make the exemption consistent with the policy of the government in regard to the exemption of poultry feed. I might explain that prior to the introduction of this budget both poultry and hog, cattle or calf meal were in this position. The exemption of this class of goods under the sales tax was as follows:

Bran, shorts, middlings, alfalfa meal; oil cake, oil cake meal; grains mixed or crushed for cattle or poultry feed; hay; molasses; salt—

And some other things. It will be observed that only "grains mixed or crushed for cattle or poultry feed" are exempt. If anything is added to make the feed more palatable or useful, such as beef scraps or clam shells, or even linseed meal, which is not taxable in itself, yet the addition of that something different from "grains mixed or crushed" render the whole business taxable, although the addition might be a very trivial amount, perhaps only two per cent, and something that was not in itself taxable. The result was that this encouraged the usual methods of evasion, and large poultry people tried to mix their own feeds, which was not always satisfactory, and the smaller poultry people were at a great disadvantage because they had not the facilities for proper mixing. This occasioned a great deal of discontent in the trade. It is certain that some of the big companies handling poultry feed paid no attention to the regulations and tried to evade the law, in many cases successfully, whereas the honest dealers paid the tax. The ease with which it could be evaded must have made it difficult for the officials of the Finance department to collect the tax. The government appear to have been advised of these troubles, and in the resolutions they have struck the sales tax off poultry feed entirely, so that even if it contains something other than "grains mixed or crushed" it will not be liable for sales tax.

All my amendment does is to extend the exemption to calf, cattle and hog mixtures. I am no advocate of any patent stock feeds, and the farming members will endorse my statement that the average patent stock feed is often not a very economical proposition. But calf meal is in a class entirely by itself. It must contain other ingredients than grains mixed or crushed, and it is a very essential feed nowadays in the dairy industry. Practically that industry could not be carried on to its full extent without this feed, and there is no reason why calf meal should have to pay this tax when poultry and other feeds do not.

Again, take the case of hog feed; where tankage is available it is added to bran, shorts and barley meal; but if so, then the whole mixture has to pay the sales tax. This, I submit, is against common sense. The tax also applies if molasses is added, although molasses is not taxed in itself. The same thing happens with oil cake meal, and even if common or garden salt is added the whole mixture will have to pay the sales tax. The government, I submit very properly, changed the regulation as regards poultry feed, thus preventing endless disputes, and without sustaining any great loss of revenue. I think the situation is parallel as regards calf, cattle or hog feed and poultry feed; it is illogical to change

the regulation in one case and not in the other. I submit it is only logical to put both of these branches of agriculture on the same footing as would be done by the adoption of this simple amendment.

Mr. ROBB: I accept my hon. friend's amendment. I imagine that when this legislation was put through originally the basis for leaving out some of these items was this. As is well known, some manufacturers of poultry and cattle feeds gave their products a fancy name and taxed the public $4 or $5 extra and on that account certain reservations were made. But for administrative purposes I agree with my hon. friend that there is room for clearing up this apparent discrimination.

5 p.m.

Amendment agreed to.

Mr. CLARK: I note that in the resolutions tabled on April 10 in the twelfth line of paragraph 2 these words appear:

Carbolic or heavy oil, to be used only in creosoting timber.

Then in the amendment tabled on the 30th in paragraph 2 these words were changed to:

Carbolic or heavy oil, to be used only in creosoting logs and round unmanufactured timber.

Those items were to be free from the sales tax. Then at the end of the paragraph under the 2½ per cent clause the words are added, "creosoted railway ties." What was the reason for the change? As far as I can see it, carbolic or heavy oil to be used only in creosoting timber would cover every form of creosoting. Why are railway ties to be subject to the sales tax if creosoted, while other creosoted timber is to be free?

Mr. ROBB: This correction was made to meet a condition in eastern Canada where there were some long contracts extending over a period of ten years, and the contractor claimed he would be discriminated against unless we made this concession. The creosoted timber as originally put in remains. I know what my hon. friend has in mind, the case on the coast. The creosote is free as applied to logs on the coast.

Mr. CLARK: I understand that, but this is what I want to point out: A very large percentage of the output of the coast firm is devoted to creosoting railway ties, as well as the timber. Now under the original resolution tabled on the 10th of April, all timber, whether railway ties, piling, or otherwise, would be free of the sales tax if creosoted; in other words, railway ties under the original resolution, were free from the sales tax.

Mr. ROBB: No. I am told that in the department administering it they had some doubt as to that.

Mr. CLARK: They have removed the doubt all right by making it taxable. What I want to point out to the minister is this: Railway ties under the Customs Tariff Act come under the very category as the items named in his original resolution. I would like him to refer to tariff item 500, and then check that with his original resolution. Item 500 says:

Logs and round unmanufactured timber . . . . and railway ties.

Item 503 says:

Planks . . . .and other timber, not further manufactured than sawn or split, whether creosoted, vulcanized, or treated by any other preserving process, or not.

I submit that the original resolution as drawn would cover everything that was creosoted if it was timber. Therefore, the effect of the original resolution, I submit, was to remove the sales tax from railway ties, and in any case I am certain the minister had in his mind the removal of the sales tax from railway ties as well as from piling and other types of creosoted timber. I have pointed out to the minister and to his expert before on numerous occasions, and I would like to point out to both of them again, the frightful situation that has existed in this particular industry. There is nearly $400,000 of capital invested in it. All these articles come in from the United States free of customs duty. Now 50 per cent of the value of the finished prooduct consists of the raw creosote.

Mr. ROBB: That is made free.

Mr. CLARK: No, the creosoted railway ties are not made free, nor square timber. I submit they should all be made free of sales tax, because they come in from the United States free of customs duty, and 50 per cent of the value of the products consists of the raw creosote. Now if the raw creosote going into railway ties is still to be assessed 2½ per cent sales tax—I am not quite clear as to just what the minister now suggests—but if all creosoted railway ties are to be subjected to 2½ per cent sales tax, that will be even worse; it will increase the discrimination still more.

Mr. ROBB: It was 5 per cent before.

Mr. CLARK: Last year the sales tax was assessed at 6 per cent on the raw creosote only, not on the finished piling. Now, had the sales tax been assessed at 6 per cent on the finished article, that would have been the very same thing as giving a bounty of 6

per cent to American producers. I have always figured that the effect of last year's increase in sales tax was that we were giving to the United States' producers a bounty of 3 per cent on every stick of creosoted timber they sent into this country. But if the sales tax is to be assessed on the finished product, it will mean a 6 per cent bounty. Consequently, it is no wonder these producers on the coast could not compete with their nearest competitors in Seattle. I think there is surely some misunderstanding. I certainly understood that the sales tax was going to be eliminated entirely on all creosoted products.

I would like to ask this further question. I drew the minister's attention in the budget debate to the fact that this particular company on the Pacific coast to which he refers had purchased 380,000 gallons of raw creosote, on which they have been subjected to a 6 per cent sales tax; that is, they had an outlay of $200,000 at least, for creosote, and they are being subjected to that 6 per cent tax. I asked the minister if he would take under consideration the question of rebating that sales tax, because I have been assured by the Minister of Finance (Mr. Fielding) and also by his expert who now sits in front of the acting minister, that the effect of last year's sales tax amendment was to exclude this particular article from the sales tax. It was not the intention to impose this sales tax upon creosote used for creosoting timber, because it was recognized by the Minister of Finance and by his expert that it would amount to a bounty in favour of the American manufacturers. But the Customs department, as I understand it, interpreted the amendment otherwise, and assessed the sales tax on this particular article. I think, in view of that, the minister might very well announce right now that the rebate will be allowed, and also that the wording of his present resolution will be altered so as to eliminate altogether the sales tax from creosote.

Mr. STEVENS: Let me add a word to what my hon. friend (Mr. Clark) has just said. If the minister will give me his attention while I read the customs tariff, he will find that item 503 reads:

Planks, boards, clapboards, laths, plain pickets and other timber or lumber of wood, not further manufactured than sawn, or split, whether creosoted, vulcanized, or treated by any other preserving process, or not.

Mr. ROBB: Free of customs duty.

Mr. STEVENS: Yes. Now the American manufacturer of creosoted timber, all classes of timber and planking, can ship his product in free of duty. We have asked as a compensating feature for the Canadian manufacturer, in the absence of the duty, that he should have his heavy oil, his carbolic or creosoting oil that enters into the manufacture of these articles, exempt from the sales tax. That is our request. Now, here is what the minister gives us. He gives us:

Carbolic or heavy oil to be used only in creosoting logs and round unmanufactured timber.

That is really limiting it to piling, or, I suppose, poles. I say the wording means that logs, or really piling comes in free or rather the creosote to be used for treating them comes in free. But creosote used for bridge timbers, ties, or anything else than round unmanufactured logs, will have to pay the sales tax, whereas the American manufactured articles under this item which I have just read enter free. Now, our argument has been all along—first, that this timber is really manufactured when it goes through the process of creosoting, because the creosoting is half the value of the timber. We claim that is a process of manufacturing, and that it ought to come in under a tariff item, and that there should be some protection in that regard, but such is not granted under the law. We claim as a result of this the American producer of creosoted timber has an advantage over the Canadian manufacturer of creosoted timber to the extent of the sales tax on the creosote or oil that goes into that timber, and that equals about half the price of the product. In other words it amounts to half the sales tax—this case 3 per cent, with the exception of ties and that would be 1¼ per cent with the exception of piling which would be free. Does the minister catch the argument? It is a little involved, perhaps, but it is rather a vital matter.

Mr. ROBB: Now the items which are free under the act are logs and round unmanufactured timber.

Mr. STEVENS: That is free by his—

Mr. ROBB: That is free of the sales tax—

Mr. STEVENS: Now.

Mr. ROBB:—and consequently we make the creosote free. Those are the only items that are free of the sales tax. If the goods come in from the United States they have to pay the sales tax.

Mr. STEVENS: That is exactly where there is a difference between us, and I think the minister is in error. If the minister will follow me again I will read this item in the customs schedule:

503—Planks . . . .and other timber or lumber of wood not further manufactured than sawn or split, whether creosoted, vulcanized, or treated by any other preserving process, or not.

Mr. ROBB: Free of the customs tax not of the sales tax.

Mr. STEVENS: That does not carry the sales tax.

Mr. ROBB: Yes, this is the sales tax we are considering. My hon. friend is quoting from the Customs Act.

Mr. STEVENS: My understanding is that the item does not carry the sales tax.

Mr. ROBB: My hon. friend is in error. The items free of the sales tax are logs and round unmanufactured timber.

Sir HENRY DRAYTON: I see on what basis my hon. friend is proceeding but he has not quite got the basis. He is proceeding in this way because, as he thinks, the only things that are free of the sales tax are logs and unmanufactured timber.

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Now I am reading from the Sales Tax Act. These things are free: Logs, and round unmanufactured timber, fence posts, railway ties—

Mr. ROBB: Go on reading.

Sir HENRY DRAYTON: Pulpwood, tanbark, and other articles the product of the forest, produced and sold by the individual settler or farmer.

Mr. ROBB: That is it.

Sir HENRY DRAYTON: They are in exactly the same category.

Mr. ROBB: No, no. They must be produced and sold by the farmer.

Sir HENRY DRAYTON: I am reading from the act of 1921.

Mr. ROBB: I know. But if my hon. friend will notice there is a semicolon in there. My hon. friend has a different interpretation from that which is placed by the Customs department.

Sir HENRY DRAYTON: I have no doubt the Chairman would tell my hon. friend that in the construction of statutes punctuation marks cannot be considered. The language has to be considered, and there seems to be absolutely no distinction between round and unmanufactured timber and fence posts.

Mr. ROBB: I am told by the customs that is the ruling they give in the department. I am just as anxious as my hon. friend not to discriminate against Canadian industry and if later on the point is established we will cure the difficulty. But I should not like to act without being sure of the ground I was on.

Sir HENRY DRAYTON: I point out to my hon. friend there is no distinction in principle whatever. I do not know what the department holds but there the fact is.

Mr. STEVENS: Let me come again to my point. The resolution as originally introduced was satisfactory. That is "carbolic or heavy oil to be used in creosoting timber."

Mr. ROBB: But it was not satisfactory to the customs. That is why the change was made. Under the act as originally introduced the case was ably presented by my hon. friend. I might be frank with him and say it was done to please him but I would not like him to think—

Mr. STEVENS: We appreciate it and the reason we are bringing the matter to the minister's attention, my colleague and I—and we are not criticising the minister—is to point out what the change really effects. I know the question is a complicated one and what we want to do is to try and get it settled correctly. When the minister introduced his first resolution it was perfectly satisfactory but the second resolution disturbs our minds very considerably.

Mr. ROBB: I do not think my hon. friend needs to be disturbed. I am told by the customs it meets the case of my hon. friend. However I say to him now that if it does not we will make a correction; we have the power to do so.

Mr. CLARK: I want to understand this clearly because I allowed the matter to go through last year and it worked a frightful hardship and meant tens of thousands of dollars of loss. I understood the first resolution to mean that creosote or carbolic or heavy oil which might be used in treating timber would be free of the sales tax. That has been altered and apparently only carbolic or heavy oil that goes into the creosoting of logs and round manufactured timber will be free of the sales tax. In other words if we use the carbolic oil in the production of anything else, such as railway ties, we will continue to pay 2½ per cent on every gallon of creosote. My understanding is that if the creosote is to be purchased for anything

except creosoting logs and round manufactured timber it will have to pay the sales tax. That means that if a firm purchase this oil for any other purpose than creosoting logs and round unmanufactured timber, they will have to pay the tax. For instance, if they purchase the creosote for the purpose of creosoting railway ties, they must pay 2½ per cent. Is that not correct?

Mr. ROBB: Under the general act the creosote is exempt when used for anything that is going into an article that is liable to pay the tax.

Mr. CLARK: Under the present amendment before the House, railway ties become subject to the tax for the first time.

Mr. ROBB: They were liable to a tax of 6 per cent last year. It is now being reduced to 2½ per cent.

Mr. CLARK: That is the way it has been administered. There is no dispute about the 6 per cent. But the 6 per cent was never meant by the Finance Minister to apply, even under last year's amendment, to creosoted logs and round unmanufactured timber.

Mr. ROBB: I am not committing myself in regard to last year.

Mr. CLARK: If my hon. friend will ask his expert I think he will find that that was the assurance given by the Minister of Finance.

Mr. ROBB: Anything going into any material that is taxable is exempt.

Mr. CLARK: That is where the difficulty apparently arose last year. These finished articles were not taxed, but it was assumed by the Minister of Finance and his experts that they were taxed. I am quite sure the intention of the Finance Minister last year—and I had his assurance and also the assurance of his expert in regard to it—that it was never intended that 6 per cent should apply, to the creosoted log and the round, unmanufactured timber. I would like to get that point clear if I can.

Mr. ROBB: We are now endeavouring to correct any difference of opinion that existed last year, and we think we have corrected it.

Mr. CLARK: It was not a difference of opinion; it was simply a difference of interpretation in the department over which the minister presides and the interpretation placed upon it by the Customs department. Is that correct?

Mr. ROBB: I think that is right.

[Mr. Clark.]

Mr. CLARK: If it were simply a difference of opinion, as I suggest, I think it is only fair and reasonable that the minister should undertake to give a rebate of the sales tax in such cases.

Mr. ROBB: I thought the hon. member was leading up to that.

Mr. CLARK: I think the minister is fair-minded enough to consider it only fair that I should lead up to that, and press upon the minister that he should consider the question of a rebate, because if it were never intended—and I pledge my word that it was never intended by the Minister of Finance (Mr. Fielding)—that creosoting oil should be assessed 6 per cent, surely it is only fair and reasonable that a rebate should be given for the oil that has been purchased during the period that the 6 per cent tax was in effect, and the minister has power to grant the rebate. It has already been done in regard to some other articles this session. I think my hon. friend will agree that it is only reasonable and fair that, if the tax were never intended to apply, any tax that has been paid should be rebated, because otherwise, if my hon. friend does not grant this request, he becomes a party to giving a preference to the American manufacturers to the extent I have indicated. Undoubtedly this particular firm has lost a tremendous amount of business during the last year owing to the fact that the Americans have been shipping into our country their creosoted timber really under a bounty placed upon their goods by our own people. I am quite convinced that it was a bona fide mistake. All I ask is that the mistake be rectified and the rebate be given.

Mr. ROBB: The hon. member who sits directly in front of my hon. friend (Sir Henry Drayton) knows that the minister who administers the Finance department never admits anything if he can avoid it; but I will promise my hon. friend that I will give consideration to the plea he has presented this afternoon, and when I have time I will look into the whole matter fully.

Sir HENRY DRAYTON: The minister should look into the matter from this angle. Apparently we all agree that the Minister of Finance last year wanted to do what my hon. friend from Burrard (Mr. Clark) desires to have done this year; that he thought he was leaving the Canadian creosotor of ties in a position where he could do business and that so far as the Minister of Finance was concerned he carried out that intention, but that a different interpretation was placed upon the act, not by the gentleman who drew it, not

by the gentleman who knew what he wanted to bring about, but by the officers of the Customs department who had nothing whatever to do with its framing or its introduction into this House. I think we are agreed upon that. Then let us go a little bit further. If the minister agrees that that was the situation, a wrong was committed. The intention of the House and the intention of the Finance Minister (Mr. Fielding), the active voice in the House in putting through that legislation, was never implemented. Furthermore there was practically an agreement and consent between all the parties but this agreement has been nullified. Members on this side of the House understood that the Finance Minister (Mr. Fielding) was doing what he said he was doing, and the Finance Minister understood that also. There is a mistake all round, and money has been paid under a mistake. Under such circumstances, in an ordinary court of law this money could be recovered, but conditions in courts of law do not apply here, of course. Surely the ordinary considerations which influence courts ought with far greater force apply to the government. In other words, in view of what is admitted here now, what possible moral defence would the government have if they hung on to this money and did not give the rebate? The minister appeals to me as former Minister of Finance. I would always strive, I always did strive when I had the honour of occupying the place that he now occupies, to do at least the honest thing, at least not to hold on to money that the country was not entitled to, to apply the provisions of the Audit Act in cases where refunds manifestly should be made, and I am sure that the minister will now tell the committee that the provisions of the act will be applied in this case and the refund made.

Mr. ROBB: I shall have the matter very carefully looked into, and if it is established that there is a fair claim, it will be given fair consideration. I do not think the hon. member should ask me to go further than that.

Sir HENRY DRAYTON: There is no question of going into it. My hon. friend admitted it himself

Mr. ROBB: My hon friend has made a case this afternoon, so far as his interest is concerned, but I shall have to look into the other side. There are always two sides to look into.

Mr. CLARK: I want the minister to have every opportunity to see the other side, but I can assure him that there is only one side. If he will ask his expert who sits in front of him, he will be assured that his expert himself did not know that this article was being taxed until I drew his attention to it not three months ago. There is no question about the facts. While I want the minister to have every opportunity to see both sides of the case, at the same time I should like this item left over so that it can be further discussed, if necessary.

Mr. ROBB: I shall have it looked into very carefully. I am quite sincere in this as we do not want to do any injustice to anybody.

Mr. STEVENS: Will the minister be able to inform us when the bill comes down?

Mr. ROBB: I wonder if my hon. friend realizes the amount of work there is continually before the officers of the department while all this is going through parliament. We have not time to dig into arrears.

Mr. CALDWELL: Do I understand from the minister that due to the fact that creosoting railway ties bear a sales tax, there will be no sales tax on the carbolic or heavy oil that is used in creosoting railway ties?

Mr. ROBB: No, but there is a tax on creosoted railway ties.

Mr. CALDWELL: Is there a sales tax on ties that are not creosoted?

Mr. ROBB: Not if they are sold directly by a farmer.

Mr. CALDWELL: But by a lumberman? The minister has evidently made a concession to meet a need in British Columbia.

Mr. ROBB: More than British Columbia is involved. Something in the Maritime provinces is also involved.

Mr. CALDWELL: In the last two years and especially within the last year a great industry has been developed in the Maritime provinces in the manufacture of hardwood railway ties that are creosoted. Firms there have spent an enormous amount of money in establishing creosoting plants and equipment for sawing hardwood in mills that formerly sawed soft wood. One lumberman cut 6,000,000 feet of railway ties this year and he is creosoting them. I would like the minister to consider remitting the sales tax on the creosoted ties as well. I do not think the 2½ per cent will bring him any great amount of revenue, but it will mean a big

thing to those firms that are installing machinery and developing an industry only in its infancy in New Brunswick. Prior to the last two years hardwood was not, to my knowledge, manufactured into railway ties owing to the fact that such ties, when not creosoted, did not last very long, and this creosoting is practically a new thing. Our cedar, which we used for ties previously, is becoming depleted, and it is not as firm a wood as hardwood. Creosoting is becoming popular for railway ties, and I think if we consider the government's purchases of railway ties, it would be good business for the government to remit this tax on creosoted ties. When the Canadian Northern was built in New Brunswick, cedar ties were not available; spruce and tamarac were used, and I understand there will be a replacement of ties in New Brunswick to a large extent. I should like the hon. member for Restigouche and Madawaska (Mr. Michaud) to urge the minister to consider this matter.

Mr. MICHAUD: On account of the heavy engines used now on the Canadian National Railways, cedar ties are too soft, and after a short time the rail cuts the railway tie, especially the cedar one, putting the tie out of use altogether. In order to meet the situation, we have begun using creosoted hardwood ties. Within a very short time I am informed that a large business with a big plant is about to be developed at St. Leonard in my constituency. They have spent thousands and thousands of dollars in this new industry, and I hope the minister will take into consideration the prospects of this company which is establishing such a large industry at St. Leonard, and that he will take off all duties and sales tax on creosote oil, if at all possible. We are awaiting new development at the present time throughout Canada, and any action on the part of the government which will be of assistance in that connection will be greatly appreciated by the people at large. Those who are making ties in my constituency are especially farmers or settlers who are opening up new land. They prefer hardwood land to soft wood land because they claim that the soil is richer, and they have to dispose of that hardwood in some way. They have been selling the hardwood, at least the heavy stuff, for manufacturing, and I am sorry to say that hardwood, especially the large timber, is going across the boundary line, and free of duty too. We want to keep that industry at home if possible. We want to encourage in Canada the manufacture of ties as well as the manufacture of hardwood lumber in every line of industry.

[Mr. Caldwell.]

Mr. STEVENS: I think the minister is under a misapprehension. Do railway ties creosoted in the United States and imported into Canada bear a sales tax?

Mr. ROBB: Yes, 2½ per cent.

Mr. STEVENS: That is under the present law?

Mr. ROBB: Yes.

Mr. STEVENS: They did not before?

Mr. ROBB: Yes, 6 per cent.

Mr. STEVENS: In item 503, these items are mentioned: Planks, timber or lumber of wood, not further manufactured than sawn or split, creosoted. Would that bear a sales tax?

Mr. ROBB: Yes.

Mr. STEVENS: How much?

Mr. ROBB: Under the tax as it is now?

Mr. STEVENS: Yes.

Mr. ROBB: Five per cent. There is a sales tax against all timber, planks, boards, laths, shingles, excepting logs and round unmanufactured timber.

Mr. CLARK: Last year was there a sales tax assessed against logs and round unmanufactured timber creosoted coming from the United States?

Mr. ROBB: No.

Mr. CLARK: Was there a sales tax on logs and round and unmanufactured timber creosoted in Canada?

Mr. ROBB: No.

Mr. CLARK: Was there a sales tax on creosote going into the finished articles?

Mr. ROBB: Yes.

Mr. CLARK: Of 6 per cent?

Mr. ROBB: Yes.

Mr. CLARK: Was there a sales tax assessed against the creosote which went into the American logs, round and unmanufactured timber, and which subsequently came to Canada?

Mr. ROBB: There would be a sales tax on the value entering Canada.

Mr. CLARK: No; that is where the minister is wrong.

Mr. ROBB: No; I am not.

Mr. CLARK: Assuming then that 50 per cent of the value of the finished Canadian product consists of raw creosote, last year's law meant in effect that the American producers of logs and round unmanufactured timber creosoted and shipped into Canada were given a Canadian bounty of at least 3 per cent over our Canadian producer. Is that correct?

Mr. ROBB: I should say that was a fair interpretation of the law, yes—since January 1.

Mr. CLARK: In view of that, and in view of the fact that the Acting Minister of Finance and, I have no hesitation in saying, the expert who sits beside him, emphatically hold the view that it was not the intention that this 6 per cent should apply adversely to these articles, is it not fair that the sales tax which has actually been paid as a result of a ruling of the Customs department, made under a misapprehension, should be refunded under the provisions of the Audit Act? That is what I want to have made straight.

Mr. ROBB: My hon. friend has made a fair case of discrimination against a Canadian industry and that is why we are correcting the legislation. But there are many matters in the tariff of a similar nature in relation to which we tax raw material more than we do the finished product. I repeat, however, that my hon. friend has made what I think to be a fair case for consideration.

Mr. CLARK: I do not want to press the matter unduly but I want to make sure that we understand each other. Are there any other industries in Canada which the minister can name that are in a similar position to this one? Can the minister mention one other industry in the United States which has in effect a bounty of 3 per cent over Canadian manufacturers as a result of the sales tax?

Mr. ROBB: None has been brought to my attention, although I have been made aware of cases in the customs tariff in which there was discrimination.

Mr. CLARK: Have there been any articles on which rebates have been allowed under the provisions of the Audit Act since the budget came down?

The CHAIRMAN: I do not know that the question is in order on this item. It seems to me that the hon. member is getting away from the matter under consideration.

Mr. CLARK: I am looking for precedents; I want to understand the workings of the Audit Act.

The CHAIRMAN: This is not a question that bears on the Audit Act.

Mr. CLARK: It is, absolutely. I think, Mr. Chairman, you misunderstand my position. I am urging the minister to invoke the provisions of the Audit Act for the purpose of remitting the sales tax in certain cases.

The CHAIRMAN: In reference to last year's legislation, which is not under discussion to-day.

Mr. CLARK: I submit, Mr. Chairman, that that legislation is indirectly before the committee; it is being amended. We must therefore discuss the provisions of last year's law if we are to make any comparison. I want to know whether in any similar case the government has this year invoked the provisions of the Audit Act for the remission of taxes paid. I want to find out whether the government has that power and whether that power has been exercised in cases similar to that now in question.

Sir HENRY DRAYTON: What does the minister say?

Mr. ROBB: I have not the minutes of the Treasury Board before me and I submit that the last question is a most unreasonable one.

Mr. CLARK: I do not want the minister to misunderstand my position. I have seen statements either in the press or in some of the documents we have before us daily to the effect that remissions have been granted under the Audit Act in certain cases. All I want to know is whether that power does exist and whether it is customary to exercise it. I do not press for any specific instances; but my interpretation of the Audit Act leads me to the belief that the government has that power. Does the minister consider that he has the power, and if he has, is it exercised? Am I correct in the belief that it has been exercised this year?

Mr. ROBB: My hon. friend asked me a fair question a while ago and I gave him a fair answer; I do not think I should be asked to discuss the question further.

Sir HENRY DRAYTON: I am going to give the minister credit for wanting to do the fair thing, and I do not think I do violence to reason in taking that view. Sometimes however the best intentions are thwarted and we encounter just such troubles

as, for example, the Minister of Finance (Mr. Fielding) evidently overlooked in connection with the wording of this very legislation, which was defeated by the construction put upon it last year. My hon. friend is correcting it this year in part; he is not correcting it in whole. If he corrected it in whole this very bill would provide for the return of payments collected in violence of the Minister of Finance's understanding and declarations on this subject. All that my hon. friend wants to know is whether the minister thinks there should be an amendment in the legislation to enable him to put these people back in the position in which they would have been had they not been injured by mistake. My own view is that the minister can meet the situation without the amendment; but my own view would not bind the minister or give him authority. The hon. member simply wants to know whether the minister is of the opinion that he is in a position to deal with this matter under the law as it now stands should he desire to take action. Personally, I do not think there is any necessity for the amendment.

Mr. ROBB: My hon. friend has had a longer experience in the department than I have, and he is a good lawyer. I should think he has given a fair interpretation of the act.

Sir HENRY DRAYTON: I would rather have a declaration from the treasury benches.

Mr. FORKE: I move that the resolution be amended by inserting after the figures "446b" in the eighth line, section 2, the figures "446c" and "447." The effect of that would be to exempt from the sales tax windmills and complete parts thereof, not including shafting and portable engines with boilers, in combination, horse-powers and traction engines for farm purposes, n.o.p., and complete parts thereof.

Mr. ROBB: I accept the spirit of the amendment. I am not sure that the wording is correct.

Mr. KYTE: Does the amendment include gasoline engines used by fishermen in motor boats?

The CHAIRMAN: The amendment is that after 446b in the eighth line of section 2 there be added the figures and letter 446c and 447.

Mr. BAXTER: Mr. Chairman, I am probably in error, but just to show the difficulty of getting at this thing, I may say that I started a while ago to look up some of these items. I have gone through the complete customs tariff and all the pamphlets given me in connection with it, but after three attempts I have failed to find item 506a. Item 506 refers to some kinds of wood. It is just possible that it is a typographical error.

Mr. ROBB: That is a new item, crutches.

Mr. BAXTER: An amendment made last year?

Mr. ROBB: No, made this year.

Mr. BAXTER: That accounts for it. It is all the more reason why we should have these things in extenso. I notice at the end of this resolution tariff items 86, 105 and 106. Item 86 is:

> Tomatoes and other vegetables, including corn and baked beans, in cans or other airtight packages

Item 105 is:

> Fruits in airtight cans, or other airtight packages.

And item 106 covers:

> Jellies, jams, preserves and condensed minced meats.

Two of these items are tinned and the third would be in glasses or tins. There is another article of food which is very important in the country from which I come. The canning industry is developing in the province of New Brunswick, and in the city of St. John an important industry is growing up in the tinning of fish larger than sardines.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BAXTER: What I was saying before recess was that fruits and vegetables in tins, generally speaking, are exempt from the sales tax. Representations have been made to me by Mr. Lewis Connors who has been the cause of considerable development in the fishing industry in New Brunswick, and who lately has acquired some properties on the west side of St. John harbour, where the actual canning of fish is being carried on. Generally speaking, sardines and some of the larger fish prove quite popular. That is an industry that is beneficial. It deals directly with the food of the people, just as much the food of the people as canned vegetables. I am not at all criticising the abolition of the sales tax on canned vegetables, but I fail to see any distinction between the canned vegetables and the canned fish. I am told also that the same question arises in British Columbia, where as we all know, salmon is canned in very large

quantities. I presume that there is some principle running through these changes, and I have gathered it to be in the direction of taking, so far as possible, the impost off the food of the people. Imported sardines may probably be classed among luxuries, but I think that the ordinary canned fish of this Dominion is not at all a luxury, and the further you get from the sea coast, the more it becomes an absolute necessity, if fish, which is a very valuable part of every man's diet, is to be had in decent condition. There are some parts where it is impossible to get fresh fish and fresh meat, and where canned fish is an excellent substitute for the ordinary diet. I presume that this is not a matter of intention; I presume it is merely an oversight, and I trust that it is sufficient just to call the attention of the hon. minister to it to have the schedule amended so as to relieve, I would say, tinned or canned fish of all kinds from the impost.

Mr. STEVENS: I am quite anxious to supplement what my hon. friend (Mr. Baxter) has said, and I would suggest to the minister that the figure 123, being tariff item 123, be inserted on the third line of page two of the ways and means resolutions, after the figure 106. Item 123 of Schedule A of the Tariff Act reads:

Salmon and all other fish prepared or preserved, including oysters—

And so on. That would include the canned fish to which reference has been made, and would cover canned salmon about which considerable has been said and correspondence had with the minister. That amendment, which I would ask the minister to accept, is very much along the line of the amendment suggested by the hon. member for Brandon on another score. It is simply enlarging slightly the exemptions, and is quite in harmony with the items set forth.

Mr. ROBB: Representations have been made to us from many sources asking for exemptions from the sales tax. Hon. gentlemen will admit that we must draw the line somewhere. The government must have the necessary revenue to carry on. It is quite true that we have added to the list of exemptions this year canned vegetables and certain canned fruits and jellies, but hon. members will observe that canned meats are not exempted, and there is no good reason why canned fish should be placed in a different category from canned meats. I think it is a pretty fair tax on the boys who go out at night and buy lobsters and sardines; they should pay something towards the administration of the affairs of this country, and for administration purposes, you cannot make exceptions of canned salmon and other fish. For these reasons I am unable to accept the amendment which has been urged by my hon. friends, much as I would like to meet their wishes. I think we will have to stop where we are this year.

Mr. BAXTER: Of course, the minister settles the matter and we must accept his decision, but I would ask him why the sales tax is taken off these other things, jellies and fruits, as well as vegetables. I would ask him to state to the committee some principle which causes him to pick out one class of articles rather than another. I had supposed it was all on the basis of food, but apparently it is not. I would not have thought that fruits and jellies were as essential a part of the food of the ordinary Canadian citizen as fish. I may be wrong, but I would ask the minister to explain, so that we can undertsand just where we are.

Mr. EVANS: For once I find myself—

Mr. BAXTER: I wonder if I will have an answer from the minister.

Mr. EVANS: For once I find myself in full accord with my friends to my right. I think it is quite right to follow the principle of relieving the very necessaries of life from taxation as far as possible. I fully agree with them there.

Mr. STEVENS: I am very fortunate. I see the hon. member for Skeena (Mr. Stork) taking his seat. I wonder if he were to present this request to the minister, would it not receive better consideration?

Mr. ROBB: He has done so already.

Mr. STEVENS: We are just presenting to the minister—my colleague and I, supported by one or two others,—the request that canned salmon, item 123 in the tariff, should be added to the exempted, or at least to the reduced list. Canned salmon is included in the item of "canned fish". The item reads:

Salmon and other fish, prepared or preserved, including oysters.

Now, up to the present my appeal and that of my colleague to the minister has not met with any response. I see the hon. member for Skeena (Mr. Stork) in his seat and as the minister has already responded twice very courteously and very kindly this afternoon to the suggestions of the hon. member for Brandon (Mr. Forke) and the hon. member for Comox-Alberni (Mr. Neill) —after, I noticed, a little conference—and if

the hon. member for Skeena would support this appeal, which so far has been ineffective, it may be that the odium of granting anything to the Conservative party may be removed and the minister may grant the request to one of his own supporters. I do not care to whom he grants it, I think it is a fair request and it ought to be accepted. Canned fish, and particularly canned salmon, is a distinct item of food. It is a food in a far more important sense than the items we have here now, although I am not for a moment objecting to them. The minister has put items 105, 106 and 86 on the list. These relate to tomatoes and other vegetables. Then there is fruit in air-tight tins or other air-tight packages, and jelly, jams, preserves and condensed mince meats. Surely on the basis of making food cheaper for the public the addition of canned fish is a most reasonable request, and I am going to ask my hon. friend from Skeena to give me his support in this because I know very well that it meets with his approval and is a very important factor in the industries in his own riding.

Mr. STORK: I should have liked the hon. member for Vancouver Centre to have given me some notification of his intention so that I would have had an opportunity of discussing this matter. But as I have not had any chance to look into it I do not know just what is involved in the proposition. We propose closing a very expensive and extravagant central fisheries office at Vancouver and there may be necessity to meet expenditure by increasing the taxation on other commodities. However, I will be very glad indeed to discuss the reduction of the tax on canned salmon at some time soon.

Mr. STEVENS: My. hon. friend cannot escape the issue by his promise to discuss the matter at some future time. We are discussing the item right now. This is the time and the place for us to determine the issue. I am sorry that I have not got the support of the hon. member for Skeena but I shall proceed without it. Let me bring the matter again to the attention of the minister. Indeed I am going to move an amendment because I feel that I am warranted in doing so. The hon. gentlemen this afternoon moved amendments which immediately received the acceptance of the minister, and feeling confident in the precedent so established I will now move:

That the figures 123 be added after the figures 106 on the third line of page 2 of the resolution.

Let me support that by again stating that this item simply adds one of the commonest articles of food in the Dominion to the free list. I hope the minister will reconsider his decision of a moment ago and accept this amendment.

The CHAIRMAN: It has been moved by Mr. Stevens:

That the figures 123 be added after the figures 106 on the third line of the special war revenue resolution.

Is it the pleasure of the committee that the amendment carry?

Mr. ROBB: I must repeat that I cannot accept the amendment. It seems to me that lobsters, sardines, and canned oysters are fair subjects for taxation.

Mr. FORKE: If the minister will add canned salmon and cut out the others I should like it, because salmon is such a common article of diet on the prairies. The other articles I regard as mere luxuries.

Mr. BAXTER: Some time ago I asked the minister a question but perhaps he did not hear me. I was scarcely able to make myself heard because a member of the ministry was over here and there was a very audible conversation going on.

Mr. LAPOINTE: To whom is my hon. friend referring?

Mr. BAXTER: Not to the Minister of Justice (Mr. Lapointe). I asked the minister to lay down a line of demarcation so that we may know why some things are relieved from the tax and others are not. There must be some principle running through this matter or else some motive of expediency governs. Whether it is the one or the other let us know?

Mr. DOUCET: Before the minister announces his decision I wish to endorse everything said by the hon. member for St. John and Albert (Mr. Baxter) and the hon. member for Vancouver Centre (Mr. Stevens). The fish canning industry is just in the infant stage on our stretch of the Atlantic coast. Not only is that industry putting up salmon in cans, but it is also canning lobsters, oysters, quahaugs, sardines and kippered herring. I submit all these are articles of food which should be considered on a par with canned vegetables, canned fruits, jams, jellies and condensed mincemeats. It will be observed that biscuits of all kinds are reduced to 2½ per cent duty. I know hon. members will agree with me that biscuits do not to any extent appear on the tables of the poor, or for that matter on the table of the average family. Many lines of biscuits are virtually luxuries. Ice cream is placed on the free list but even that is not altogether as im-

portant to the poor man's table as canned salmon, canned kippered herring, and other varieties of fish when they cannot be obtained in their fresh state. Some few years ago the industry of shipping fresh fish from the Maritime provinces was in a thriving condition. To-day the market has somewhat declined, and during the season when the demand for fresh fish is small, different varieties can be canned and sold for food. I submit, Sir, that in keeping with the other modifications made to-day with respect to canned vegetables, fruits, jams and jellies, that canned fish should also be rated for duty at 2½ per cent.

Mr. CARROLL: I suppose most of the committee realize that the policy of reducing the sales tax ought to be more or less gradual. We cannot remove the sales tax in its entirety at one stroke, and I agree with those who regard canned lobsters and canned oysters as luxuries. Only a very few people in this country can afford to buy such commodities, and as a matter of fact five-sixths of the lobsters canned in this country find a market either in the United States or Great Britain. That is an information I obtained from the Department of Trade and Commerce a few days ago. Sardines are practically in the same position. They are used to a greater extent in this country than lobsters or oysters. The oyster business in this country is not very important, but the lobster business is. I for one, although coming from a county where there are very many lobsters canned, perhaps as many as in any county in the Maritime provinces, do not agree at this stage, with the debt of the country such as it is, that the lobsters or the oysters should be relieved of the sales tax. As far as canned salmon is concerned, the minister says it is a matter of administration to leave it as it is at the present time. I agree with the leader of the Progressive party (Mr. Forke) that if the minister could regulate the present proposals without any great difficulty, perhaps he should take the matter of canned salmon into consideration. It is not in the same class as lobsters or oysters or some of the other fish mentioned. I would suggest to the minister that perhaps canned salmon should be relieved of the sales tax, if it were possible. These canned salmon are widely used in the homes of the poor of the country and are not in the same category as oysters or lobsters.

Mr. HUGHES: Is it not a fact that there is no sales tax on canned lobsters exported?

Mr. ROBB: No sales tax on any fish exported.

Mr. HUGHES: Certainly 95 per cent—I would say 99 per cent—of canned lobsters are exported, and what is the trouble? Where is the difficulty and injustice? There is a large percentage of canned salmon consumed in Ontario, I daresay; but I presume nothing at all compared with the quantity exported, upon which there is no sales tax. I was a little surprised to see my hon. friend from Kent (Mr. Doucet) so anxious to reduce the cost of food to the poor people and remove the taxation. That is a very commendable thing, but a few days ago he moved an amendment to the budget to increase the taxation on everything. That is not a logical position nor is it consistent, but I am glad to see my esteemed friend improving and recognizing the fact that the people are desirous of reducing the cost of everything, particularly the cost of food, the cost of the necessaries of life and the cost of implements of production. I am sure he now regrets that he moved the amendment, and that he will sin no more in that respect.

Mr. DOUCET: The amendment which was discussed a few days ago is not before the House this evening. If it were I might enlighten my hon. friend from Kings, P. E.I., (Mr. Hughes). If 95 per cent of our lobsters are being exported—and it is admitted that 95 per cent are being exported—we need not worry about the class of people in this country who use the other 5 per cent. We are not worrying on their behalf, but we contend that the poor class of our population who have to buy canned salmon and canned fish of other kinds, such as canned oysters, clams, quahaugs, sardines and kippered herrings, which are industries of some importance in this Dominion, should not be held down by the fact that the product is placed in a very unenviable position as far as the necessaries of life are concerned. They all make part and parcel of the dinner-table of the poor man. My hon. friend from Kings, P.E.I. has evidently forgotten that a few days ago he spoke on behalf of the poor people of the country, and possibly I learned a lesson from him. But I submit the poor classes of the Dominion are anxious to have the sales tax removed as much as possible from the necessaries of life. I contend that the cutting off of the sales tax on canned fish is a step in the right direction.

Mr. TOLMIE: Coming from the Pacific coast where the canned salmon industry is a very important one, I may say that this is becoming an article of food all over the

country, even miles away from the coast. It is one of our most important industries, and is a general article of food everywhere. I think the minister should seriously consider the removal of the tax on this food. Salmon canners, on the other hand have not had the good times that prevailed before the war, when the runs of salmon were very much larger than they are at the present time. They are working under difficulties that did not prevail before, both with regard to high wages and other matters and greater cost of production, and the removal of the sales tax would certainly be a great boon, not only to the salmon producers, but also to the salmon consumers throughout Canada. Therefore, I wish to endorse what the hon. member for Vancouver Centre (Mr. Stevens) and other hon. members who supported him have to say in this House.

Mr. ROBB: If it were only a question of canned salmon, it might be very easy, but a question of administration enters into the amendment presented by my hon. friend, which includes canned salmon, canned lobsters and canned sardines, and I submit again that is a fair source of taxation. We made considerable reductions in the sales tax this year. If we accepted the amendment now, there would be no good reason why we should not immediately have another resolution introduced that we should exempt canned meats, and that would involve under the classification canned soups, of which there is a million and a half imported into this country. I appeal to the common sense of hon. members that the government must have a revenue somewhere, and that this is a fair source of revenue. We have made considerable reductions in the cost of living this year. Surely there will be another year coming, and I think the hon. member might very well withdraw his resolution. I think there is another amendment before the House before we take up this one, moved by the hon. member for Brandon (Mr. Forke).

The CHAIRMAN: That was accepted.

Mr. ROBB: Yes, it was accepted, but I am not sure of the wording of it. I think we had better make sure of the wording. I am not raising any point in regard to it. If the Chairman will make the correction in the wording of it, it will be satisfactory.

The CHAIRMAN: It seems to me substantially the same.

Mr. ROBB: Then it will be all right.

[Mr. Tolmie.]

The CHAIRMAN: The amendment, as amended, reads as follows:

That the figures 446c, 447 be inserted after figures 446b in the ninth line, figures 446c, 447 be inserted after figures 446b in the twenty-first line and figures 446c and 447 after figures 446b in the thirty-fifth line.

Amendment agreed to.

The CHAIRMAN: Then an amendment has been moved by the hon. member for Vancouver Centre (Mr. Stevens).

Mr. CLARK: I desire to say a few words in support of this amendment, particularly with regard to salmon canned in the province of British Columbia. No industry in this country has been more depressed than the salmon canning industry, and I do not think there is any industry more deserving of consideration at this moment. The government has seen fit to reduce and, in fact, to eliminate the sales tax as regards many items. It has seen fit to reduce the sales tax, I think, to 2½ per cent on all canned goods with the exception of canned meats. There is a great distinction between canned meat and canned salmon. In British Columbia canned salmon is a very important item, and it is an important item in the diet of the people of Canada generally, much more so than canned meat. In the case of meat, the producer of beef, for instance, has his herds; he can control the herds; he always knows what he has. But the case of fish is quite different; each year the salmon canner goes out and catches all the fish he can, and his catch is a matter of speculation. Then he must can them. In view of the fact that this industry is in a state of depression and needs encouragement and assistance, and in view of the fact that the government has seen fit to give encouragement to the canning of fruits and vegetables, it is only consistent that the same consideration should be extended to the salmon canning industry.

Mr. McBRIDE: I look on the matter in a somewhat different light. A man builds a cannery; he catches fish and he cans them. He does not have to feed or care for them before he catches them. A man raising cattle has to feed and look after the cattle for three or four years before he can sell them or can them. I am not finding fault with the salmon canners. That industry is of great importance to British Columbia. But if we are going to take this tax off one thing after another, where are the finances of the country going to come from? I think the people ought to appreciate what the government has done in regard to lowering taxes. It has lowered the sales tax. I was rather surprised this afternoon to hear that so many people had not paid

their sales taxes for two or three years. I am interested in a business and I know we have to pay our sales tax the fifteenth of the following month. If we do not do so, we hear from the department. If there is going to be a reduction in the sales tax as regards foods, it certainly ought to be in connection with canned meats and other things along that line.

Mr. NEILL: I understand the amendment refers to taking the tax off canned salmon, canned lobster, canned oysters and canned sardines. I agree somewhat with the view of the Acting Minister of Finance (Mr. Robb) that lobsters and oysters are more or less luxuries. People who indulge in oyster or lobster suppers at midnight can afford to pay the sales tax. The situation as regards canned salmon is different. It is the poor man's diet. I would suggest that a compromise might be arranged, and if anyone will support me, I beg to move as an amendment to the amendment:

Provided that the reduction shall apply only to canned salmon.

So that the sales tax will be taken off salmon, but left upon oysters, lobsters and sardines.

Mr. CALDWELL: I shall be pleased to second the motion. I fully agree that as 95 per cent of the lobsters are exported, the matter is not very important whether the sales tax is taken off or not. Oysters, I will submit, are more or less of a luxury. One of the reasons why I did not speak before was because I was before the minister some time ago with a delegation endeavouring to persuade him to take the sales tax off sardines.

Mr. STEVENS: The amendment to the amendment does not include sardines.

Mr. CALDWELL: I should like to ask the mover of the amendment to the amendment if it includes salmon and sardines.

Mr. NEILL: I am confining the reduction in the sales tax only to salmon.

Mr. CALDWELL: I understood it included sardines. We have in New Brunswick on the coast of Charlotte county sardine fisheries that produce over one million dollars worth of sardines each year. On account of the fact that this sales tax applies in Canada and it does not apply in the United States, most of these fish are shipped to the United States and canned there. I think we have to-day only one sardine canning factory in New Brunswick, because the others have been put out of business by the Americans.

Mr. ROBB: Has not for years the sardine business of that part of New Brunswick been carried on in the United States? That is where the factories are. My hon. friend knows that.

Mr. CALDWELL: A great deal of it. We had a few sardine factories there which closed down. The one that is still running would not be running had not some outside capital been brought in and the company been reorganized. The minister showed us the difficulty he was in; that this would mean taking the sales tax off canned meat and salmon. In view of the fact that the amendment to the amendment includes only canned salmon, I will not support or second it, because I feel it would be discriminating against an industry belonging to the Maritime provinces entirely. There is already too strong a feeling in the Maritime provinces that they have been discriminated against in legislation and other ways. I cannot support the amendment to the amendment if it does not include sardines.

Mr. EVANS: This is a question that we should treat quite seriously. Canned salmon is in a class by itself as regards the food of the lower classes. This article of food went up over 100 per cent in pre-war days and it has not come down yet. Usually we used to buy the very best under twenty cents a can; now it is up to forty cents and, in some cases, over forty cents. I certainly shall support the amendment to the amendment.

Amendment to the amendment (Mr. Neill) negatived: Yeas, 43; Nays, 52.

Amendment (Mr. Stevens) negatived: Yeas, 27; Nays, 65.

Mr. STEVENS: I have another amendment to propose.

Mr. ROBB: Before the hon. member offers his amendment I have one which I wish to submit myself, just to show that we are not altogether hard-hearted in our attitude towards the fishermen. I move:

That the words "gasoline engines to be used in boats bona fide owned by individual fishermen for their own personal use in the fisheries" be inserted after the figures "1017" in the thirteenth line;

That the words "gasoline engines to be used in boats bona fide owned by individual fishermen for their own personal use in the fisheries" be inserted after the figures "1017" in the twenty-fifth line;

And that the words "gasoline engines to be used in boats bona fide owned by individual fishermen for their own personal use in the fisheries" be inserted after the figures "1017" in the thirty-ninth line.

Mr. BAXTER: The purpose the minister has in view is probably all right, but why does he discriminate against the practice, which is so common on our coast, of a number of men being interested together in a boat? This amendment applies to the individual fisherman. If one man has a gasoline engine in his boat he gets the benefit of this provision, but if his brother is in partnership with him, or if there are three or four men interested in a boat, they must pay the tax. I am utterly at a loss to conceive how any one could suggest to the minister the insertion of the word "individual" in the amendment. I can understand that the minister would not want to have a sort of corporate body owning trawlers and boats getting clear; but why a small combination of fishermen should not have an equal right with the individual fisherman I fail to see.

Mr. ROBB: I am told that the wording of the amendment I have submitted is identical with the language used in similar items in the act as first passed in 1915, and there has never been any question of it. I do not think the objection is well founded.

Mr. CARROLL: In the case of a fishing company who provide their fishermen with boats, would the present amendment as it is worded cover gasoline engines in use in such vessels?

Mr. ROBB: The words in the act of 1915 are:

> Boats bona fide purchased by individual fishermen for their own personal use in the fisheries.

Those words have been in the act for eight years and no one has made any complaint in reference to them.

Mr. MEIGHEN: When will the amendment which the minister offers come into effect at the border?

Mr. ROBB: It will take effect as from April 11.

Mr. MEIGHEN: That is to say, there will be refunds as from that date.

Mr. ROBB: Wherever there have been purchases.

Mr. MEIGHEN: I wonder where the government will end with this practice of nailing and patching, hacking and chipping, and tinkering, fitting and refitting, and generally fooling with the budget. All one knows now when the budget comes down is that what the Minister of Finance presents certainly is not the budget; that is all that one can be sure of. One may have some conception of what the budget may look like when it is finally patched and painted, but there is nothing certain beyond that. The thing is getting ridiculous. The government is floundering around like a wounded whale, and one never knows what may be its next move. It has always been the practice to bring down a definite budget, in regard to which the public knows where the government stands. There may be an instance or two where slight amendments are necessary; but this whittling away at the budget day after day and night after night is becoming absurd. The government promises under section 286 of the Customs Act to apply the tongs for months to come, and by order in council to patch up the budget wherever it may be found necessary to do so. That is the sort of thing we are having to-day, and the country is on the raw all the time. Section 286 was never intended for the purposes for which the minister, by his pronouncements, proposes to use it. Surely after the experience of all these days, and after all this carpentering and tinsmithing at the budget, attacking it line by line, and repairing it here and there, we shall get to the end of it and the government will know where it stands. Who is advising the government in the matter, and why do they not get proper advice before they bring the budget down?

Mr. CAHILL: The oppositon is advising them.

Mr. MEIGHEN: The opposition to my left are opposed to the government in geography but that is all; and they seem to be controlling affairs. But let us have finality somewhere. As I said a moment ago, all one knows when the budget comes down is that we have not got the budget.

Mr. GRAHAM: Did my hon. friend himself not vote for an amendment just now?

Mr. MEIGHEN: But it should have been in before. What I am protesting against is not the merit or the demerit of this or the other amendment; I am protesting against the practice of tinkering with the budget in this fashion. We should have it right at first. We should have the government's mind, if it has any mind on the budget—

Mr. CAHILL: Does my hon. friend—

Mr. MEIGHEN: I do not say my hon. friend's mind at all; that would not assist us. We should not have to be dragging it out of the government day after day and night after night, with the country hanging on the various moods and temperaments of the administration.

Mr. ROBB: Mr. Chairman, I am glad to have the assurance now that I may expect the support of my right hon. friend if any other demands are made upon us for exemptions from the sales tax.

Mr. MEIGHEN: The minister has not got any assurance from me.

Mr. ROBB: I should like to stop somewhere.

Mr. MEIGHEN: We are at liberty to put our views forward. We did not bring down the budget; if we did it would be our budget.

Mr. ROBB: May I remind my right hon. friend in that connection, that he was in the House and a member of the government when this act was introduced in 1915 by Sir Thomas White, and amendment after amendment was brought forward by him.

Mr. MEIGHEN: The amendments were very, very slight. They are coming in now every five or ten minutes.

Mr. KYTE: I wonder if there is any significance in the fact that the right hon. leader of the opposition supported every amendment—at all events he did not oppose any—until this amendment is put forward to relieve the fishermen of the Maritime provinces from the burden of taxation.

Mr. MEIGHEN: The hon. gentleman is precisely wrong. I never supported any amendment until we got to this amendment, which I supported.

Mr. KYTE: My right hon. friend did not make any objection until this present amendment was moved.

Mr. MEIGHEN: I supported the fishermen.

Mr. KYTE: He asks why the government are making all these changes. Mr. Chairman, I desire to point out that the government have taken full responsibility for the changes, contrary to what happened some years ago, when the Minister of Finance of the government and the party which my right hon. friend supports brought in tariff changes day after day. Sir Thomas White did not wish to take responsibility for them himself, but blamed them upon the printers as typographical errors, and by the time the budget got through the House of Commons it was shingled, shangled and shungled beyond recognition.

Mr. MEIGHEN: The hon. gentleman bases his rather obtuse speech on an entirely false presumption. I have not opposed any amendment at all, nor have I supported any. I have not been able to be in the House very much, although I have been kept advised of the various changes of attitude of the government. The only amendment I supported was the one supposed to be for the benefit of our fishermen. So the hon. gentleman's attempt to raise sectional prejudices is very far fetched. When his mind is running along sectional prejudices, just let him recollect his own record, and as well contrast it with my own, when the question of the Crowsnest pass changes came on. As to some amendments made because of errors of the Printing bureau, those can be understood. Those were not changes of mind of the government. The government brought in its legislation and stuck to it. That is what I am now pleading for. I am not arguing on the merits or the demerits of any amendments whether from this side or the other.

Mr. NEILL: Mr. Chairman, I am glad to find from the remarks of the hon. member for Cape Breton South (Mr. Kyte) that the amendment proposed by the Minister of Finance to take the sales tax off fishermen's engines has some support in this House. I thought it was to receive nothing but condemnation, but I find there are fishermen on the east coast of the continent as well as on the west coast.

An hon. MEMBER: And no Chinamen.

Mr. NEILL: I am glad to associate myself with those gentlemen, for I hope to get their support on another subject. I find Chinamen are being introduced in Nova Scotia also, and later on we will have another common ground on which to meet. But at the present moment I should like to express on behalf of the fishermen of British Columbia—and I think I may do so without infringing upon the rights of the hon. member for Skeena (Mr. Stork)—at least those I represent, how thoroughly they will appreciate the action of the government in what to them will be a great advantage.

Mr. ROSS (Kingston): Does this amendment have reference to any fisherman who takes out a license; to a man on the Great Lakes, for instance?

Mr. ROBB: It would be a matter for interpretation by the customs. I would say it would cover a person whose occupation is that of fishing—a fisherman.

Amendment agreed to.

Mr. STEVENS: Now, Mr. Chairman, I want to give to the hon. member for Skeena (Mr. Stork), the hon. member for Cariboo (Mr. McBride), the hon. member for Fraser Valley (Mr. Munro), and the hon. member

for West Kootenay (Mr. Humphrey) a chance to redeem themselves. They opposed my last resolution because I took the wording of the tariff item which included canned sardines, canned lobsters and canned oysters. Now I propose another amendment. It will be noted that on the fifteenth line of the resolution before the committee the words "meats, salted or smoked" occur. I think if we added there the words, "canned salmon and canned small herring" it would meet the views of hon. gentlemen who found themselves a little in conflict with me a moment ago. Therefore I am going to move, Mr. Chairman:

That the words, "canned salmon and canned small herring" be added after the word "smoked" in line fifteen of the said resolution.

The effect will be to include in the exemption list canned salmon and canned herring. On the Pacific coast—and this, I presume, applies also to the Atlantic coast—we can a very, very large quantity of the smaller herring and pilchard. These and some grades of canned salmon are essentially above any other class of fish the food of the poor, and particularly the food of those in our province who live in the logging and mining camps and the interior towns and cities where fresh meats are not easily obtainable. A similar argument on behalf of this food will, I think, apply to northern Ontario, portions of Quebec, and the eastern provinces. If you are to include jams and jellies and canned fruits and vegetables, and such like, I see positively no reason why you should exclude a food that is essentially above any other kind of food the food of the poor; and so, Mr. Chairman I move this amendment.

9 p.m.

Mr. ROBB: Mr. Chairman, we have already voted on the issue of canned salmon, and I am not sure that the amendment of my hon. friend is in order.

The CHAIRMAN: The amendment is in order.

Mr. ROBB: But quite apart from the point of order, I must point out that the resolution is impossible; it cannot be administered by the department.

Mr. STEVENS: I should certainly like the minister to enlighten us on his objection. How can it be more difficult to administer the Special War Revenue Tax Act in regard to leaving canned salmon or canned pilchards off than it is in exempting canned fruits and canned jellies? What is the difference in administration? Does it take a more skilful inspector to discover whether the fish contained in a can are salmon or pilchards than to detect whether the contents of another can are jelly or jam? There surely is nothing in such an objection. I do not wish to appear impertinent to the minister, but frankly I cannot see any possible excuse for the objection from the administrative standpoint.

Let me add this. This is a very simple item. Let us take canned salmon, for instance, first. On the Pacific coast, which I think is really the chief location of the industry, the canneries can salmon and very little else. They export a certain amount. The government have to take cognizance of the export and exempt that from the tax. Now we are simply asking them to exempt it all. A large portion of the pack is exempt already—I suppose 75 per cent. The department must keep track of that 75 per cent and distinguish between it and the other 25 per cent sold in this country. We are proposing to relieve the department of that function; they do not have to take cognizance of any if it is all exempt.

Let us come now to the pilchards. At the present time we ship a large quantity, I suppose from 50 to 75 per cent of our pack, to Australia, Japan, South America, and other trans-Pacific points; some goes to the Old Country and the West Indies. All of that is exempt. The department must carefully distinguish between what is exported and what is sold at home, and I am asking that the minister shall be relieved of that function. There is no added administration there; indeed, there is a simplification of administration, unless I am wholly ignorant of what administration means and what its functions are.

Mr. ROBB: My hon. friend, living on the coast, is I am sure better posted on fish than I am. Will he tell me the difference between small herring and sardines?

Mr. STEVENS: Yes, I will tell him the difference. I will venture to say, so far as the Pacific coast is concerned, and that is all I undertake to speak for, that there are no real sardines on the Pacific coast. I am told the same is true of the Atlantic coast, although I am not speaking for the Atlantic coast; but I do know that these smaller herring are put up into cans as sardines and sold as sardines very often. Any of the fishery officers are quite qualified to determine the character of the fish, and I am sure they will advise the minister to that effect. My hon. friend smiles, I do not know just why.

Mr. DUFF: I was not smiling; I am very serious.

Mr. STEVENS: I was referring to the minister. Perhaps he is smiling at the thought of being advised by those sitting behind him. I know the hon. member for Lunenburg will agree with me. He knows the fishing business thoroughly; I do not presume to pit my knowledge of fisheries against his. Let me continue. These small herrings are canned in different grades, and they are, above all, the food of the poor. That is the point I wish the minister to take. For the minister to say for one moment that it is more difficult to administer the exemption from the sales tax in the case of canned herring or canned salmon than in the case of canned fruits of various kinds—well, it is beyond me. I frankly cannot see the difficulty the minister imagines. I ask him to be good enough to dismiss that at least from his mind, and let us decide this on its merits. Is it an unfair thing to ask that the sales tax should be removed from this, the food of the poor, when you are removing it from jams, jellies, fruits, vegetables and other articles of that character.

Amendment negatived: Yeas, 37; Nays, 57.

Sir HENRY DRAYTON: Mr. Chairman, I desire to move the amendment which I have already placed in your hands. In connection with this amendment I have a carefully prepared speech supporting it. I am referring to lumber, and the speech reads:

> Take the tax on lumber and on material that goes into the construction of a house or barn. I am told by a responsible contractor that on a $5,000 house, which is not an extravagant average price, the materials going into that house represent $3,500. The minister proposes to put a tax of $105 against that house; there is no question about that. The minister puts a tax of $105 against the building of a house at a time when every one is calling for more houses in this country. The same is true with regard to the building of barns throughout the country. I am told by the same contractor that the average cost of the material going into a modern barn would be 80 per cent of a $2,000 building. The minister proposes to put a tax on that $1,600 worth of materials of $48. He is hampering production to that extent.

Mr. Chairman, those are the sentiments of an hon. member of this House. At that time he was the hon. member for Valleyfield; to-day he is the hon. Acting Minister of Finance. Those were his sentiments when we had a sales tax a fraction of the sales tax we have to-day, and I am perfectly convinced that all I have got to do is to point out the situation to the minister and he will very gladly accept the amendment. What does the amendment do, after all? Why, it does just exactly what the hon. member urged very strongly when the tax was, as I say, very much smaller than it is to-day. He was wanting to help, then. I am going to ask him whether he would not be helping a great deal more in doing what he thought should be done in 1921, than in putting fancy foods on the free list, fancy biscuits, ice cream, and the like. Here is something that enters into the activities of everybody that is doing anything worth while in the country to-day. The farmer uses lumber everywhere. He cannot put up a little lean-to without paying something to my hon. friend. The city man is using lumber; the miner is using it. Why, this whole budget was to see that everything that was required by the farmer, the miner, the lumberman and the fisherman, was to be free. Well, the fisherman has to have his shack too. Here is something that helps everybody, and everybody is hurt to the extent that it is taxed. Now I am going to ask my hon. friend to take his own opinion and accept this amendment.

Mr. GRAHAM: Would my hon. friend now convince his friends to stand by their opinion?

Mr. MEIGHEN: I am sure my hon. friend would agree to moving it down to the point where it was when the hon. minister objected. Perhaps we can all agree on that, and I would like to get to a vote on it before all the hon. gentlemen to my left get out. If we could move to reduce it to the point where it was when it was strongly objected to by the present Acting Minister of Finance possibly we could agree on an amendment of that sort at once and save time.

Mr. MICHAUD: Will the right hon. leader of the opposition look behind him and see how many of his own supporters are out?

Mr. MEIGHEN: If any have gone out we will get them in very quickly.

The CHAIRMAN: Sir Henry Drayton moves:

> That the sales tax rates on lumber, planks, etc., as defined by sections 503 and 504 of the Customs Act be reduced to the taxes levied thereon under the act of 1921.

Mr. HUGHES: I should like to ask the ex-Minister of Finance how he could say the sales tax of a few years ago was only a fraction of what the sales tax is now? It was higher than the present sales tax. Let any person make it up. It was 1½ per cent to the manufacturers; 1½ per cent when it came to the wholesalers; and after it passed the wholesalers it was 1½ per cent again. Why on the average it was at least 6 or 7 per cent.

Some hon. MEMBERS: No.

Mr. HUGHES: Certainly it was. Surely the ex-Minister of Finance knows that. And when he stands up in this committee and says that the former sales tax was only a fraction of what it is now he is making a statement that is not correct.

Mr. MEIGHEN: Will the hon. member permit me a minute. He is trying to argue that from the manner in which the sales tax was imposed before it was higher than it is to-day. The same—I was almost going to say insane—suggestion came from the Minister of the Interior in his budget speech. The sales tax as imposed before was 1½ per cent at the point of manufacture and 1½ per cent at the wholesalers' point. The government next year increased each one of these by 50 per cent. Is that correct?

Mr. HUGHES: Certainly.

Mr. MEIGHEN: If it was high when it was increased 50 per cent it was still higher under this government up to the 1st of January this year. Is that not so?

Mr. HUGHES: That is correct.

Mr. MEIGHEN: The Minister of Finance last year came and stated that because of the needs of revenue the government had to have a higher sales tax, and described his own amendment of last year as a further imposition of sales tax, which it was.

Mr. HUGHES: That is not correct.

Mr. MEIGHEN: That was higher than it was a year ago—

Mr. HUGHES: No.

Mr. MEIGHEN: —and a year ago it was 50 per cent higher than it was under us.

Mr. HUGHES: No, it is lower now.

Mr. MEIGHEN: Of course if one could persuade the hon. member for Kings, P.E.I. (Mr. Hughes) of anything he would be pretty well convinced that he was wrong himself. I will lead the hon. member through the reasoning again—the details the ex-Minister of Finance will speak of. For the first two years of this government's existence and for the last year and a half of that two years the sales tax was 50 per cent higher at each point than under the previous government. So up till January 1, it certainly was 50 per cent higher than it had ever been under us at our highest. Then the Minister of Finance last year, in proposing a measure which took effect on January 1, stated that he was imposing a higher sales tax.

[M. Hughes.]

Mr. HUGHES: I did not agree with what he stated.

Mr. MEIGHEN: Then he was fooling himself?

Mr. HUGHES: Oh, no.

Mr. MEIGHEN: The Minister of Finance thought the tax was higher but as a matter of fact it was lower.

Mr. HUGHES: The right hon. gentleman is making a mis-statement now.

Mr. MEIGHEN: As to the statement in question all the hon. member needs to do is to look back; he will find the statement of the Minister of Finance and the reasons given for supporting it. Now, as to why it is higher anybody can see at a glance. There were no two wholesalers' taxes before and if there were, there were not two impositions.

Mr. HUGHES: Yes, there were, there were three impositions.

Mr. MEIGHEN: Not in the case of the wholesalers.

Mr. HUGHES: Yes, and four in some cases.

Mr. MEIGHEN: There was only one. I will ask this government to tell me a single case where they made two impositions of the tax, under exactly the same system as we had and as they continued, in the case of the wholesalers. They cannot give one. All this talk about repeated increments of profits is absurd, because there will be more increments of profit under the present system inasmuch as all is imposed at the first stage leaving the whole thing subject to whatever increments of profit may follow. I think the whole country understands it and I think the House understands it. I am not objecting to the present stage on that ground. At the present time I am merely pointing out that it is higher, and I am pleading for the House to get together now and reduce it to the point where it did stand and at the figure stated by the hon. member himself, the figure to which he objected some two years ago. Let us get to that figure and let us agree upon it.

Mr. HUGHES: I am quite certain if a statement is obtained from the Customs department it will be found that the average sales tax previous to the increase of 50 per cent, was fully equal to 5 per cent and more—I am quite satisfied of that. The average was 1½ and 1½ and it was pyramided several times in some cases.

Mr. MEIGHEN: The collections were 120 millions last year and about 72 millions in 1921.

Sir HENRY DRAYTON: I am afraid I shall have to take up one or two minutes in view of the remarks of the hon. gentleman (Mr. Hughes): We commenced the sales tax with a tax of 1 and 1. That was increased in the year 1921 to 1½ and 1½. That was again increased in the next year under the Minister of Finance of this government (Mr. Fielding), to 2¼ and 2¼. Hon. gentlemen will observe first that there was an increase in my successor's first budget of 50 per cent on the rates as they then were. I suppose there is no room for question as to that, not even by my hon. friend (Mr. Hughes). Then again last year we had what was claimed to be a further increase in something which would enlarge the revenues, and everybody knows it was not an idle claim. It is the sort of thing that may be worked up for an occasion like this, but everybody knows it was not an idle claim. He was collecting then 6 per cent instead of 4½—that is what he was doing. The hon. member says it cost more. Let us see. I have heard him—yes, and I have heard gentlemen to my left—talk time and again about the iniquity of getting a tax back at the origin, that the nearer down you have it to the consumer the less it costs the consumer. Under the old tax about 50 per cent was near the origin, and the other 50 per cent was at the last movement but one. Why, in connection with the customs tax it has been said time and again—yes, and in the very budget debate this year—that the real taxation taken out of the people was infinitely greater under the system of collection. Well, we had a calculation made last year and we took that added tax, that 6 per cent tax as against the 4½ per cent tax, and we applied the ordinary profits coming down from the manufacturer, the wholesaler and the retailer to the consumer and we ascertained that the public had to pay 11⅝ per cent in order that the government might get the 6 per cent my hon. successor was legislating for. There is no doubt whatever as to the effect of the law. It never was challenged, it was not even challenged in the debate.

Mr. HUGHES: What does my hon. friend say the average was under the 50 per cent increase?

Sir HENRY DRAYTON: Under our 50 per cent increase—there was no secret about it—the traders came here and sought to have a change made. Their point was that this tuppenny—ha'penny tax of 1½ and 1½ was not enough to make them re-write their price lists and they were absorbing it; they had to take it into their overhead and they said it was not fair to business. I remember going down to New York the week after my hon. friend's budget first came in with a large wholesaler, who stated that they were at last getting fairness. I said, "What did I do to you?" He said, "Look at your sales tax". He also said, "I never repriced anything in connection with the former sales tax, it was not worth while, but now when it is practically 5 per cent or 4½ per cent, it is too much to pass on, and it cuts into our profits". That is what the difference was. That is the real fact and those are the real truths. There is no question about it. I do not want to delay this debate. My hon. friend says, "hear, hear." I am glad I can say something he can agree with. It is a pretty big job, and now when he says "hear, hear," I think I must be wrong. In order to shorten the debate, with the consent of the committee, I propose to withdraw that amendment and substitute one which will exactly put my hon. friend in the position he was in when attacking the tax in the year 1921, simply to reduce the sales tax on lumber to the taxes levied under the act of 1921; and in doing that I still believe that the taxes are very much higher than my hon. friend even thought the taxes should be, because he thought things should be free. The amendment would read:

That the sales taxe rates on lumber, planks, etc., as defined by sections 503 and 504 of the Customs Act be reduced to the taxes levied under the act of 1921.

Mr. HUGHES: The hon. ex-Minister of Finance has completely answered himself. He stated, according to the calculation made last year, that when the sales tax was increased 50 per cent, and no other change made in it, the average amount paid was 11 per cent. Now if, by increasing the rate 50 per cent the average collection was 11 per cent, then it must have been 7 per cent before, or in that neighbourhood; so that my hon. friend has completely vindicated my statement and completely answered himself.

Sir HENRY DRAYTON: I am sorry that I cannot get it across to my hon. friend.

Mr. HUGHES: You have got it across all right.

Sir HENRY DRAYTON: I do not know what is the matter with the hon. member. He is generally somewhat intelligent, but he is absolutely showing a total failure at the moment. He says I have proved his point. Well, what was his point? He says that the old rate was more than it is now. That is what he said. What did I say. I showed

—and I gave him chapter and verse for it—that in connection with the first 1 and 1½ there was no increase to the public. The tax was absorbed.

Mr. HUGHES: That is another thing altogether.

Sir HENRY DRAYTON: That is the proper function of the sales tax—to get it so low and keep it so low that it may be absorbed. Then the next thing was the increase of the Minister of Finance. That was then so large that it was not absorbed. It was passed on. Then the next thing, where the 11⅔ per cent came in, was in connection with the increase last year of 6 per cent.

Mr. HUGHES: That was paid once only. That could not be increased.

Mr. McMASTER: I think the object of the amendment moved from the other corner of the House is not far to seek. It is an endeavour to deceive the low tariff people, whether they sit on one side of the House or the other. As to the question whether the sales tax is higher now than it was under the regime of my learned and genial friend in the other corner of the chamber, that all depends on how many hands the goods pass through under the old regime and under his regime. We had this matter up before the committee which examined into agricultural conditions last year and there was a circulation made, not by gentlemen of the legal profession who sit in this House, but by a practical worker, a gentleman of the profession or business to which the hon. member who has just spoken from this side of the House belongs.

Sir HENRY DRAYTON: What was his name?

Mr. McMASTER: Mr. I. E. Pedlow, the member for South Renfrew, and a more courageous public servant has seldom been in this Chamber. I read the following from his evidence:

A wholesaler in Montreal imports from the United States a bill of goods to the value of $100 on which the duty is 35 per cent. He sells to a manufacturer at an advance or trading profiit of 25 per cent, which manufacturer makes it up into garments, and disregarding labour resells the goods in manufactured form at a profit of 33⅓ per cent to the retailer who resells at a further trading profit of 33⅓ per cent to the consumer.

I do not think the number of hands through which the goods pass or the rates of profit are exaggerated. What was the result?

The treasury received the following sales tax: First sales tax $5.06, plus $1.11 plus 15 cents plus 33⅓ per cent, $8.43; second sales tax $3.93 plus 33⅓ per cent $5.24; third sales tax, $10.74.

[Sir Henry Drayton.]

The amount which the treasury received from these sales taxes was $19.73, but the consumer paid these taxes plus profits, amounting to the difference between $32.55 and $19.73, or $12.82 more than was received by the treasury. The duty can be computed in the same manner. The sales tax under the old regime amounted to $19.73, and that was all the treasury got, and on top of that the consumer had to pay the profits of the sales tax which aggregated on a bill of goods on $100 no less than $12.82; so that the total sales tax which the consumer paid on a bill of goods of $100 was $32.55.

Mr. MEIGHEN: My hon. friend makes out that there were so many sales taxes collected before that $19 on the $100 or 19 per cent was collected, and that much less per cent is now collected.

Mr. McMASTER: I believe now the sales tax is collected at one stage of the proceedings and it is 5 per cent. There would be one profit collected on that 5 per cent; and, therefore, the sales tax in many cases—and this does not apply to all businesses—collected to-day is less than the old sales tax. I have authority for that statement.

Mr. MEIGHEN: My hon. friend says that on account of there being so many points of imposition it reached 19 per cent before whereas, now it is only 6.

Mr. McMASTER: It would be more than 6.

Mr. MEIGHEN: No, it should not be.

Mr. McMASTER: Oh, no.

Mr. MEIGHEN: It would be 5. Last year it would be 6.

Mr. HUGHES: From the 3rd of January.

Mr. MEIGHEN: What the hon. gentleman has said is that the amount collected, and going into the treasury, was about 19 per cent before, and now only about 6 per cent. I want the hon. gentleman to remember that he said the amount collected. How does he account for the fact that under that system in 1921 $72,000,000 were collected, and this last year the government collected $120,000,000. Was there more business and if so, how is it that in that year we collected $101,000,000 of income tax, and last year they collected on $58,000,000?

Mr. McMASTER: I am not prepared to answer those questions—

Mr. MEIGHEN: I do not think so.

Mr. McMASTER: —but I would point out to my right hon. friend that we have not had a whole year under the new system.

Mr. MEIGHEN: We will collect less under the new system then?

Mr. McMASTER: I do not know if less will be collected. I think, perhaps, less will be collected under the new system than under the old.

Mr. MEIGHEN: Oh, oh.

Mr. McMASTER: My right hon. friend may laugh—

Mr. MEIGHEN: Does my hon. friend not know—?

Mr. McMASTER: Just allow me for a moment, and then my right hon. friend can ask me a question. The point I want to make is that as regards the imposition of a sales tax, which is placed upon many transactions, the weight upon the taxpayers of the country will depend upon the number of transactions upon which the sales tax is placed and upon the rate of profit that the different merchants and manufacturers will add to the sales tax as they collect it. That is perfectly plain. The tax pyramids. In the case under consideration, where I do not think my right hon. friend will object either to the number of transactions or to the rate of profit, the sales taxes which applied under the former regime aggregated $19.73, and on those the profits that were collected amounted to $12.82, making the total sales tax amount to over 30 per cent. I say that in cases like that the burden on the consumer was heavier than under the present regime.

The object that hon. gentlemen in the corner opposite have in proposing resolutions of this sort is easy to be seen. For a number of years they had the control of the treasury in their hands. They had the power of reducing sales taxes on lumber and such things as that. They did not reduce the tax. They propose now to reduce a sales tax to a level which their sales taxes had; but it seems to me that we have to consider this in the House: The government are responsible, not only for the burdens that they place upon the taxpayers of this country, but for the financial condition of the treasury. They have made their plans. Their plans provided for substantial reductions in the sales tax. I presume nothing in the world is easier than to make some cheap political capital by taking this that or the other thing into consideration solely and by itself, asking the House to concur in resolutions reducing taxes on that thing, and appealing to the low-tariff and non-taxing sentiment of the country. But it is hardly fair and it is hardly consistent coming from a party which prides itself upon being a high-tariff and protectionist party of this country.

Mr. MEIGHEN: The hon. member's remarks are such a tangle of absurdities that I scarcely know where to commence.

Mr. McMASTER: Rudeness, which is very unusual coming from my right hon. friend to me, is not argument.

Mr. MEIGHEN: Does the hon. gentleman consider it rude to refer to his argument as a tangle of absurdities?

Mr. McMASTER: Certainly. I do not think I applied such language to any remarks of his.

Mr. MEIGHEN: I think my hon. friend has used worse language in regard to my arguments without any justification at all. I would not call it rude. I think whatever else he suggests in regard to my statement, he would not suggest that it is rude. For example my hon. friend says that it is extremely inconsistent on our part to make this motion. This motion is what? To put this tax where we had it, where we endorsed it, where we supported it and where we left it, in which position we resisted the attacks of the hon. member himself to make it still less, resisted the attacks of the present Minister of Finance who severely criticised us for imposing this tax on the building of a home or a barn and whose words were re-echoed with wonderful eloquence by the hon. member for Brome. Oh, he says, you are inconsistent; you are not logical; he almost said: You are rude, in venturing to stand exactly where you were. But we are a model of consistency, we who tried to beat down a 1½ per cent tax and are now standing up for it at 5 per cent or was it 3?—whatever it was. Now we move to reduce it. Oh, he says, these men are fixing now what we need for the treasury; do not interfere. If the hon. gentleman's argument is right, this motion is a motion to increase, and it would help hon. gentlemen opposite. Now, perhaps he thinks I dignified his speech when I called it a tangle of absurdities. Then he says, under that old tax, according to the high and mighty authority of Mr. Pedlow of Renfrew, the tax meant 19 per cent of the value of sales going into the treasury.

Mr. McMASTER: I do not want to be misrepresented.

Mr. MEIGHEN: I do not want to misrepresent my hon. friend.

Mr. McMASTER: I accept that. I said that in a series of sales such as the one exposed in my example, the aggregate of the sales taxes amounted to some 19.73 per cent.

Mr. MEIGHEN: Does the hon. gentleman imagine that any man is worth while quoting who would suggest that in any case 19 per cent or in any case 30 per cent was added to the cost to the consumer? The thing is so monstrous that it does not appeal to the mind of the hon. member. I know it does not. I know he would not look me in the face in private conversation and say so. The thing is utterly ridiculous; it is monstrous; it is a joke—30 per cent to the consumer on a one and one-half and one and one-half per cent tax, and the cost of living, all the while the tax was on, reduced 28 points according to the official records of this government! How could such a thing occur? The taxes were never imposed at those points at all, and not a member of this ministry, that has collected them on the same system, with the tax increased 50 per cent at each point, will stand up to-night and say that in one instance was it ever collected at the points cited by the hon. member for Brome. I know they will not. I defy them to do so now. If it was and if that applied, under that we collected $73,656,489. Under the system of this government, which included, I know, only three months of the latest imposition—but the three months were equal in the average revenue to the nine months that went before —and that answers the hon. member—they collected $120,574,000 with business declining all over this country, as is evidenced by the collections of income tax and by every other return.

Mr. McMASTER: I do not think that is a true evidence, because you might have as large a business, run it on a lower percentage of profit and have a smaller income tax.

Mr. MEIGHEN: That is amusing too. Imagine accounting for a falling off of income tax collections by such reasoning as that. Even conceding that,—and I do not concede it, but I will let the hon. member do that if he likes—that there was a somewhat greater business in 1923 than in the year that ended the 31st March, 1921, there was very much better business in the year 1921 than there was in 1924, as every hon. member who is in business knows. But conceding a fractional increase, how does the hon. member account for the difference between $73,000,000 and $120,000,000? Does he suggest that he can account for it? He can account for it only by the higher imposition of the sales tax, and he knows it. I will not follow his lead in trying to introduce the subject of protection into a sales tax issue; they are as distinct as any two classes of taxes that ever existed. When we come to protection we will discuss it, and all we hope and pray is that the hon. gentleman and all his friends will stand by their guns when that issue comes to be decided.

Mr. McMASTER: I do not propose to detain the committee by referring at any length to the observations of the right hon. member, but I would refer the committee to the transactions of the special committee appointed to inquire into agricultural conditions, part I at page 788, exhibit No. 8. Hon. gentlemen will find the subject set out there, every element of cost being given, whether prime cost, invoice cost, sales tax or duty. The whole subject is worked out. I believe that the calculations are right, because they were made by a man whose knowledge of the business is as great at least as that of the right hon. member who last addressed the committee. It will prove interesting to hon. gentlemen.

Mr. STEVENS: My hon. friend (Mr. McMaster) has interjected into the discussion a somewhat isolated memorandum presented to the agricultural committee of which he was chairman last year. The hon. gentleman is usually very fair-minded, and indeed he rather prides himself on that fact; but he carefully refrained from advising the committee that another business man of equal repute with Mr. Pedlow had also submitted a memorandum completely contradicting the deductions of that gentleman, to which deductions apparently my hon. friend pins his faith. It might be quite proper at this moment to ask the hon. member for Brome, who was chairman of the agricultural committee last year, why it was that the committee studiously ignored the counter proposition of this other gentleman. I have before me the report of that committee as well as the evidence taken before it. In No. 25, of Wednesday, April 25, 1923, there will be found the evidence of Mr. R. P. Sparks, clothing manufacturer of Hull, Quebec. Mr. Sparks is a prominent Liberal, and I do not think I shall be charged with bringing forward a Tory protectionist, who apparently would have no right to any opinions at all in this chamber, when I say that this gentleman was then and still is a supporter of the government. Now that the hon. member has placed

the substance of the other memorandum on Hansard I am going to read this memorandum which was submitted to him, which he himself went over with a great deal of care, and which his committee carefully avoided bringing to the attention of the House in connection with their report. It was simply buried away in their files, no notice having been given it. Had the hon. member not interjected Mr. Pedlow's presentation on two different occasions in this House as the final authority on the subject, I would not detain the committee to-night by reading this memorandum. But I think it is only proper that I should submit it to hon. members. It is marked Exhibit 84 and is to be found on page 1224 of the special committee's proceedings. It is as follows:

A memorandum was presented to the committee by Mr. I. E. Pedlow of Renfrew. This memorandum purported to show that in the operation of the tariff on a bill of goods to the value of $100 purchased in the United States on which the duty was 35 per cent, by a wholesaler who in turn sold these goods at what was called an ordinary trading profit of 25 per cent to a manufacturer who made the goods up into garments and sold them to a retailer at an ordinary trading profit of 33⅓ per cent, the retailer selling them to the consumer at an ordinary trading profit of 33⅓ per cent the conclusions reached in respect to the tariff were that whereas the treasury had only received $35, the consumer had paid $77.77 or $42.77 to collect $35.

The memorandum herewith attached deals with the same transactions, the same ordinary trading profit is shawn, the only change being that this trading profit has been divided into two proper parts and shows separately the amount of the gross profit which should be applied as an overhead charge and the amount of net profit which each of the dealers receives. A conclusion reached is that on the same transactions as outlined in the memorandum submitted by Mr. Pedlow in respect to the tariff, the treasury received $35 and the consumer paid $38.48.

The fundamental error made in the memorandum presented by Mr. Pedlow was that the ordinary trading profit or gross profit was treated as a net profit and no allowance was made for the fact that by far the greater part of what was called an ordinary trading profit went to provide for what was actually a cost and not a profit. It has been repeatedly stated in parliament and in the press of Canada that one of the chief weaknesses of the tariff as a means of taxation is that the original amount paid to the treasurer is pyramided and an amount very much greater is collected from the ultimate consumer. So far as I am aware, this is the first time that the falsity of this argument has been exposed. The only increase which the consumer pays over and above what the treasury receives is a small amount representing interest on the investment of various traders through whose hands the goods have passed. Unless there is a profit in the transaction there is no increase paid by the consumer over and above what the treasury receives and in the event of a loss resulting from the transaction the treasury actually receives more than the consumer pays. When this statement is considered in connection with a statement which I made before this committee to the effect that during the past two years the clothing supplied to the people of Canada had been sold at a price which on the whole was less than the cost of production, it will be seen that if this latter statement is true, and I am satisfied it is true, what actually has happened in so far as clothing which is next to food and the great necessity of life is concerned, the consumer has paid actually less than the treasury has received and that the manufacturers of clothing have contributed the balance out of their capital. Therefore the operation of the tariff has actually lightened the burden of taxation on the consumer and increased the burden on the manufacturer.

In the memorandum presented by Mr. Pedlow the sales tax was treated in the same way as the tariff and the same incorrect conclusions reached. In this memorandum I have not attempted to expose the incorrectness of this principle as it affects the sales tax for the reason that it would have added greatly to the length of the memorandum. If I have established a principle in regard to the tariff, the same principle applies in regard to the sales tax.

As there appeared to be some difference of opinion amongst members of the committee without any division being reached to show how many accepted and how many rejected my reasoning as against that of Mr. Pedlow, I would suggest that the attached memorandum be carefully examined by your committee or preferably by an independent authority or authorities, preferably a recognized economist of outstanding reputation, to either establish or definitely refute the allegation that the consumer must pay $77.77 to give the treasury through the tariff $35. The tariff as a means of raising revenue, has so long been an important factor in our fiscal policy and the difficulty of securing sufficient revenue to meet our increasing demands never having been as great as at present, it is unfortunate if the public should be misled into condemning a tried method by reason of mis-statements spread broadcast over the country through the instrumentality of the committee over which you preside.

Statement prepared by R. P. Sparks showing that a memorandum submitted to the committee of parliament inquiring into the conditions in agriculture which purported to show the manner in which the tariff and sales tax were pyramided was incorrect in its premises and false in its conclusions.

A wholesaler in Montreal imports from United States a bill of goods to the value of $100 on which the duty is 35 per cent. He sells to a manufacturer at an advance or trading profit of 25 per cent, which manufacturer makes it up into garments and disregarding labour resells the goods in manufactured form at a profit of 33⅓ per cent to the retailer who resells at a further trading profit of 33⅓ per cent to the consumer.

The goods when imported cost the wholesalers $140.06 made up as follows (disregarding freight, packing, duty, repacking, etc.)

Invoice price of goods..	$100 00
Duty..	35 00
Sales tax 3¾ per cent on invoice price plus duty.	5 06
	$140 06

When the wholesaler sells to the manufacturer he adds 25 per cent on the laid down cost which makes the selling price to the manufacturer $140.06 plus $35.01 or $175.07, to which the wholesaler has to add by law to his invoice sales tax of 2¼ per cent or $3.93 making the cost to the manufacturer $179.

NOTE.—The wholesaler wants to make sufficient profit to pay 12 per cent on his invested capital and as he can turn over his stock about four times a year he figures that 3 per cent on the laid down cost will achieve this result and the remaining 22 per cent will be overhead charges.

Then follow a series of statements which I would prefer not to read to the committee in

detail, Mr. Chairman, but to put them on Hansard. They are the following:

The $179.00 is made up as follows.

Invoice cost of goods	$100 00
Duty	35 00
Sales tax	5 06
Wholesaler's overhead 22 per cent of $100 goods.	22 00
Wholesaler's overhead 22 per cent of $35 duty.	7 70
Wholesaler's overhead 22 per cent of $5.06 sales tax	1 11
Wholesaler's profit, 3 per cent of $100 goods	3 00
Wholesaler's profit, 3 per cent of $35 duty	1 05
Wholesaler's profit, 3 per cent of $5.06 sates tax	15
Sales tax, manufacturer to wholesaler	3 93
	$179 00

The cost price to the manufacturer is, therefore, $179.00. To this the manufacturer adds a profit of 33⅓ per cent, 30 per cent of which is to provide for his overhead charges and 3⅓ per cent to provide a profit for himself. He also charges his sales tax of 4½ per cent on $238.56 or $10.74, making the cost to the retailer $249.40. The $249.40 is made up as follows:—

Goods, $100 plus overhead $22, plus profit $3	$125 00
Duty	35 00
Overhead on duty	7 70
First profit on duty	1 05
Manufacturer's overhead 30 per cent of $125 goods	37 50
Manufacturer's overhead 30 per cent of $35 duty	10 50
Manufacturer's overhead, 30 per cent of $7.70 overhead	2 31
Manufacturer's overhead, 30 per cent of $1.05 profit on duty	31
Manufacturer's profit, 3⅓ per cent of $125 goods.	4 16
Manufacturer's profit 3⅓ per cent of $35 duty.	1 16
Manufacturer's profit 3⅓ per cent of $7.70 overhead	26
Manufacturer's profit, 3⅓ per cent of $1.05 first profit on duty	04
First sale tax, $5.06 plus $1.11 plus 15 cents plus 33⅓ per cent	8 43
Second sale tax $3.93 plus 33⅓ per cent	5 24
Third sales tax	10 74
	$249 40

On the resale of these goods to the consumer the retailer adds his trading profit of 33⅓ per cent. He adds, therefore, to the cost to him $249.40, 33⅓ per cent of this or $83.19, 30 per cent of which is overhead and 3⅓ per cent of which is profit, making the cost to the consumer $332.55 which we may dissect as follows:—

Goods, $125 plus overhead $37.50 plus profit $4.16	$166 66
Duty	35 00
First profit on duty	1 05
Second profit on duty	1 16
Profit on first profit on duty	04
First overhead on duty $7.70 plus overhead on second $2.31 plus profit	10 27
Second overhead on duty	10 50
Overhead on profit on duty 30 per cent of $1.05.	31
First sale tax, $8.43; second, $5.24; third, $10.74.	24 41
Retailer's overhead, 30 per cent of $166.66 goods.	49 99
Retailer's overhead, 30 per cent of $35 duty	10 50
Retailer's overhead, 30 per cent of accumulated profits on duty, $2.25	67
Retailer's overhead, 30 per cent of accumulated overhead on duty $10.27, $10.50, 31 cents	6 32
Retailer's overhead on 30 per cent of accumulated sales taxes $24.41	7 32
Retailer's profit 3⅓ per cent of $166.66 goods.	5 55
Retailer's profit 3⅓ per cent of $35 duty	1 16
Retailer's profit 3⅓ per cent of accumulated profits on duty, $2.25	07
Retailer's profit 3⅓ per cent of accumulated overhead on duty, $21.08	75
Retailer's profit 3⅓ per cent of accumulated sales taxes, $24.41	82
	$332 55

In respect to duty the treasury received		35 00
The consumer paid	duty $35 00	
Wholesaler's profit on duty	1 05	
Manufacturer's profit on wholesaler's profit on duty	04	
Manufacturer's profit on duty	1 16	
Retailer's profit on duty	1 16	
Retailer's profit on accumulated profits on duty	07	
	$38 48	$35 00

The treasury received, $35.00.
The consumer paid, $38,48.

Mr. STEWART (Argenteuil): Does he add the sales tax too?

Mr. STEVENS: Yes.

Mr. STEWART (Argenteuil): There are three collections in that transaction.

Mr. STEVENS: Now, what I want to point out to the House is this. The argument is constantly used that when these goods are sold the full cost is charged with the addition of the duty. This point has been brought up in the House so frequently that I think it would pay hon. members to study the schedules. They are too intricate to go into in detail at the moment, but they will appear in Hansard and are very enlightening. Manufacturers generally, as well as wholesalers and other business men, do not fix their price in that way at all. Rather they take the cost of production, and this cost, whether it is of the goods in the hands of the manufacturer or in the hands of the wholesaler, is primarily the cost of the raw material, secondly the freight and carriage, and then if there is a duty it is added as a part of the cost of the goods. It makes no difference whether it is the sales tax or any other kind of tax, it is added. If there is insurance, if there is rent, if there are taxes on the building, all these things, or a great many of them, naturally enter into the overhead charges of the business, and only such charges enter into the cost of the goods as directly affect the goods themselves. It does not follow that because the duty is 10, 20 or 30 per cent the price of the goods manufactured is increased by that percentage, nor is that duty pyramided along the whole line of these transactions. But certainly wherever a tax is imposed, whether it be income tax, sales tax, stamp tax, real estate tax or a rental,—any and all of these enter into the general overhead cost of the business; there is no question of that. And there is no question at this point that the

aggregate of these taxes and charges, insurance and so forth, is entered as part of the cost of the goods so produced. In 1922 a duty was imposed on imported clothing, and the wholesaler importing such goods paid the duty of 30 per cent, we will say—I have forgotten the exact duty; it was 30 or 35 per cent—and $100 worth of the goods when they reached the wholesalers' warehouse represented a cost of $130. But there was a general fall of prices all over the country, and in nearly every case in the clothing business the slump was such that the wholesale price to the retail dealer was actually below the cost of the goods plus the duty paid by the wholesaler, and the goods were sold to the retailer
10 p.m. and passed on to the public at a figure less than their cost plus duty. In that case the wholesaler assisted in the paying of the duty; he paid more duty than the consumer paid. Does my hon. friend get that point?

Mr. McMASTER: Yes.

Mr. STEVENS: If that is the case, and undoubtedly it is, why was it charged by Mr. Pedlow in his memorandum that this duty is always pyramided and passed on to the consumer? I will admit that such a condition does not always obtain; but the point we ought to keep in mind is that the dealer in goods has to absorb the loss on a falling market, just as he receives sometimes the advantage on a rising market. What I want to complain of, if I may, is that attitude of mind which invariably attaches to the business men of Canada some sort of an offence against the public because the duty is made a part of his cost. But let me repeat this: The duty is no more a part of his cost than his real estate taxes.

Mr. McMASTER: Just as much a part of it.

Mr. STEVENS: Just as much a part of it. It is a tax on his business and is a part of his cost. A man, for instance, pays taxes on his factory, pays insurance on his factory, pays interest on the money he borrows to handle his business, what we call working capital—all these things go into the general cost of his business; they all play a part in the cost of production, and when the article is finished it represents the cost of material, plus rent or taxes as the case may be, insurance, interest on capital, interest on working capital or bank overdraughts, as the case may be. These all form a part of his cost, and the cost price of that article is then fixed.

I do not wish to pursue the point any further, but I did think my hon. friend might have given to the committee this memorandum as well. Furthermore, he will recall that this thing was submitted to an economist, unless my memory plays me false, and I do not think it does; it was submitted, if I remember rightly, to Dr. Adam Shortt, a gentleman for whom I have the highest regard, and there was a conference between the chairman, Dr. Adam Shortt, and Mr. Sparks, and, I believe, Mr. Pedlow, although I am not sure of that. I see the hon. member nods his head; Mr. Pedlow was there also. But why did not my hon. friend call Dr. Adam Shortt before the committee, and let the committee of his fellow-members have the benefit of consultation with Dr. Shortt? I recall, if I am not mistaken again, that while at first Dr. Adam Shortt subscribed to the doctrine that Mr. Pedlow advanced, after a study of these schedules presented by Mr. Sparks he agreed that they were just as sound or more sound than the schedules presented by Mr. Pedlow, and the criticism I would offer of my hon. friend's action is not only his presenting it in the way he did to-night, but in failing last year to give the agricultural committee the privilege and the opportunity of following this intricate question to an ultimate conclusion, and it could only be done before such a committee with ample time for study.

Mr. STEWART (Agenteuil): The example that my hon. friend cites I am bound to say is a fair one. It is an example that would apply generally in the ordinary course of business. There were three different operations, three different taxes collected. When my hon. friend criticised me a moment ago for saying that the taxes were pyramided—

Mr. STEVENS: I was not criticising my hon. friend, but the general practice.

Mr. STEWART (Argenteuil): And as now proposed, it is one tax collected at one place. True, that will be pyramided to the extent of the tax in each transaction, and the profit charged on that. I am very glad that my hon. friend confirms me, because that seemed to be very vague in the minds of the committee.

Mr. STEVENS: I do not want to be drawn into an analysis of this long and very intricate question to-night. I did not confirm the suggestion of the absolute pyramiding, except this: In all business, when the first operation takes place, take steel for instance—

Mr. STEWART (Argenteuil): All I wanted my hon. friend to admit was that in most transactions there were at least three places in which the tax was collected.

Mr. STEVENS: No. My hon. friend is now referring to the old sales tax?

Mr. STEWART (Argenteuil): Yes.

Mr. STEVENS: Not necessarily at all.

Mr. STEWART (Argenteuil): My hon. friend has just cited a case himself, and my hon. friend from Brome cited a case of the same character. It possibly would not apply to the item under discussion, that of lumber, but taking the whole field of sales generally in Canada, it does apply.

Mr. McMASTER: I will not detain the committee long in reply to my hon. friend. I first, however, wish to make this point perfectly clear, that there was no difference between Mr. Sparks and Mr. Pedlow on the question as to what the sales tax amounted to. Just as the hon. member who has taken his seat has disclosed to the House, I read from the proceedings of the special committee, part 1, page 910 from the exhibit quoted by my hon. friend:

First sales tax, 3¾ per cent on invoice price plus duty $5.06; second sales tax, manufacturer to wholesaler, $3.93; third sales tax, $10.74.

Now if you add those three sales taxes together, according to Mr. Sparks, you find that the sales tax aggregated $19.73 on this $100 bill of goods, so there is no difference between Mr. Pedlow and Mr. Sparks as far as the aggregate amount of these three sales taxes in this example are concerned. Where they did differ, and I am perfectly frank to say there was a difference of opinion, was that Mr. Pedlow said that when importers paid duty and sales tax they regarded that as constituting the price of their goods, and they made a percentage of advance, not upon the invoice price, but upon the full amount the goods cost laid down in their warehouse; that when the wholesaler sold to the retailer, that is the same amount on which he calculated his profit, and when the retailer sold again to the consumer, he calculated his profit, not upon any percentage of his overhead, but knowing what the goods cost him, he added a certain percentage. That was the theory of Mr. Pedlow, and I think it is the theory which every merchant in this country follows. Mr. Sparks had a somewhat complicated and refined way of putting on only a certain part of the advance that Mr. Pedlow put on. He made long and intricate calculations of overhead, but I believe Mr. Pedlow's was the simple and the more usual way of conducting business and of calculating prices, and I think most merchants in this House will agree with him. But my remarks are characterized as this tissue of absurdities

—no that is not the exact word—this knot of absurdities,—and the leader of the opposition took that from Macaulay's essay on Southey's Soliloquies on Society; it is interesting to know just where he got these somewhat, I hope, badly applied words which he used to pour ridicule on my devoted head—because I had said the three sales taxes aggregated $19.73. Then one of his seconds-in-command, or thirds-in-command, or fourths-in-command, got up in the House and praised Mr. Sparks to the highest, and then made out from Mr. Sparks' own statement that he calculated the aggregate sales tax exactly at the same figure Mr. Pedlow reached. The difference between the two was this. Mr. Pedlow estimated that the sales tax plus profit on sales tax amounted to $32 and some odd cents; Mr. Sparks calculated that the sales tax, and profits on sales tax, amounted to $24.41. In one case Mr. Sparks thought that the pyramiding of the sales tax amounted to $4.63. Mr. Pedlow put it at a very much higher figure. But the point I want to make is this and after all these differences of opinion between merchants are a secondary matter: That both these men—who are honest and who are intelligent—came before the committee and they both agreed that the sales tax in this case was 19.73 per cent; they both admitted they pyramided the tax and took considerably more out of the consumer than the treasury received.

Sir HENRY DRAYTON: I do not know that we will ever get to a common ground in connection with this matter, but there are some things that are absolutely common to everybody and we know of them. For example, we know where the 6 per cent came from, we know the gentleman who prepared it, we know his pamphlet which was adopted, and we know that the whole scheme was a scheme of the manufacturer in one particular line of business. We also know what the trade papers say, and I am very much more interested in what the general trade papers say than in what is said by an isolated merchant here or an isolated merchant there. My hon. friend from Brome himself would not think for a moment that was a fair example of the manner in which business was done in Canada. He could not because he knows that if he did all the government figures are simply absurd. Now I take the trade papers. I take a reference which I find at page 2705 of last year's Hansard. Hamilton is a great place for jobbers, and this is what I find at the page mentioned:

Hamilton, Ont., May 12.—Jobbers are particularly pleased with the budget especially in its treatment of the sales tax.

"It's a good budget for the jobbers," stated St. Clair Balfour, of Balfour Smye Limited, wholesale grocer.

"It gives us just what we have been after for a long time. Hitherto with a one per cent tax we had to absorb the sales tax."

"We could not avoid it. Now, however, this tax will be placed on at the point of manufacture and we will be relieved of this trouble."

Asked if this would not result in pyramiding Mr. Balfour readily admitted it would be the case.

"Oh, yes, certainly" he said, "If the article costs $100 and the manufacturer puts on the $6 sales tax, we will collect our profit on the $106."

The real truth is that merchants and manufacturers found they could not pass it on altogether, and in many cases not at all. They do pass this on now and you see it in connection with the cost of living expenses. But all this is by the way. There was one particular line of business, it was pointed out, would mean more than two transactions as a rule. That line of business was lumber. In the way that lumber is handled and, the number of people whose hands it passes through, it was shown, and particularly on the prairies, that there were often more than two transactions in lumber; and, of course, it would be said then that therefore our taxation was much higher. That is the argument at once. But in order to prevent that, our law provided that in respect of lumber an excise tax of 3 per cent should be imposed, levied and collected on sales and deliveries by the Canadian manufacturer, and that further excise taxes would not be payable on resales. So that apart from all argument we have to-day got five per cent on lumber as against three per cent under the old law. Now, I ask my hon. friend if he was wrong in 1921? Were his figures incorrect? Were the principles he was advocating incorrect? I ask him that plain and simple question?

Mr. ROBB: My hon. friend has quoted against me this evening the speech I made in 1921 when we were imposing new taxes upon the people. He appears to have forgotten, however, that in introducing the budget we remitted some $24,000,000 of taxes that had been imposed, we remitted all the taxes upon agricultural implements, and this afternoon we have made some further concessions in the shape of remission of taxes on certain appliances used on the farm and in the fisheries. I want to say frankly to my hon. friend that while I am not at all out of sympathy with his idea as it will apply to rough lumber only, it is my duty to provide revenue and to see that we have sufficient revenue to carry on the business of the country for the year. Under these conditions I would ask my hon. friend not to press his amendment. I am told by lumbermen—lumbermen of experience—that they like the present rates better than the rates that prevailed prior to January 1. As the tax applied before it was three per cent on the rough lumber but when it was worked up into doors, sashes, panelling, and all other things used in the construction of a house, the cost was added so that in the end it cost very much more. All things considered I think my hon. friend would be very well advised if he would not press his amendment. It is true that I did make suggestions to Sir Thomas White at that time but I did not go so far as to offer an amendment to his resolution.

Mr. STANSELL: I feel that some figures have been given to the House to-night that should not go unchallenged. I am not so much concerned as to the basis upon which they are made—whether upon statements made by Mr. Sparks before the agricultural committee or by Mr. Pedlow. Naturally as I was a member of that committee I am somewhat interested. I presume both gentlemen were honest and that both of them gave what they believed to be correct figures. I assume also that the hon. member for Brome (Mr. McMaster) was honest in quoting these figures or using this illustration. However, to my mind the statement is not perfectly clear based upon the illustration that he uses. He stated that because there was pyramiding, and in one case the sales tax was paid about three times, the amount actually paid into the treasury on $100 of the first investment was $19.73, being practically 19.73 per cent. I believe I am correct in this statement. That was the amount he says actually paid into the treasury. Now he says, under the present system there is only 6 per cent collected at the source and only $6 is actually paid into the treasury. Unless the hon. member for Brome can explain the situation satisfactorily the remainder of his argument must naturally fall to the ground because when 19.73 per cent was actually paid into the treasury the total amount of the collection was $72,000,000, but when it was reduced to 6 per cent and $6 actually paid in, the total receipts were about $120,000,000. These figures are so much at variance, so completely ridiculous, that the hon. member will have difficulty in extricating himself from an awkward position, and his well meant advice so frequently directed to this corner of the chamber must continue to fall on deaf ears.

Mr. MEIGHEN: I do not intend to proceed with the argument further, but I understand the hon. member (Mr. McMaster) has sought to rob me of the originality of the

expression to which I took exception. I cannot submit to that even though it is attributed to a name very much revered. I only ask, now that he finds that someone else whom I know he admires used the expression, he will no longer think it rude.

Mr. McMASTER: I accept the statement so graciously made by my right hon. friend.

Mr. FORKE: I should have been out of the House some time ago to fulfil another engagement, but if I left the House before a vote was taken I know what remarks would be made by some of my hon. friends to the right; so I will stay until the vote is taken.

I happen to remember some of the choice phrases which I heard the right hon. leader of the opposition (Mr. Meighen) use, and I am going to give the House one or two of them, just to show what a tremendous vocabulary he can employ at times. These expressions are as follows: Shameless duplicity; Sickly affectation; Blazing madness. These are a few of the phrases. I rather admire them. They are quite forcible and count for something in debate. They are all right. I am not finding any fault with them. I must say I enjoy the speeches of the right hon. member. They are generally very telling, and forcibly delivered.

In regard to the question before the committee, it seems to me it is, simply: Should there be a sales tax on lumber? That appeals to members in this part of the House immediately—to reduce taxation if possible on any materials that may be of ordinary use on the farm and elsewhere. But there have been material reductions made. I realize that we require a revenue. I had considerable concessions made to me with regard to certain articles used on the farm. On the other hand, I am pretty sure that the amount of lumber that will be used upon the farm during the coming summer will not be very great, and it will not make very much difference to the average agriculturist what the price of lumber is during the next summer.

Mr. SPENCE: Is the hon. member thinking of the farm only?

Mr. FORKE: I am speaking of the farm only—exactly what I am speaking of. Lumber may be used in other directions, but I know very well that the trouble has been handed over to this part of the House because it will affect the farmer. The sales tax is not one that we like to pay. We realize that it is burdensome, and would like to see it abolished altogether but I feel, under the circumstances, that I cannot support the amendment at the present time. I know very well the purpose to which all these votes will be put. I have no hesitation in endorsing what the hon. member for Brome (Mr. McMaster) has said but I have no intention of being made a catspaw to pull the chestnuts out of the fire for any person in this House. I will be judged on my record just exactly the same as other hon. members, and I am not at all afraid. I think I can form an opinion myself and act accordingly, and no member will have the ability to drive me from what I think to be the right course.

Mr. BOYS: Did my hon. friend make his proposals to embarrass? If he did not why should he ascribe any such motive to members on this side of the House?

Mr. FORKE: Members on that side of the House rarely rise that they do not turn to hon. members to their left.

Mr. BOYS: Let the leader of that great party answer my question.

Mr. FORKE: What is your question?

Mr. BOYS: Did you make your proposals to embarrass?

Some hon. MEMBERS: Order, order.

Mr. BOYS: Did the hon. leader of the Progressive party make his proposals to embarrass the government, or from the standpoint of necessity and of need? If he made the proposals for the latter reason, why should he ascribe other motives to any other hon. member of the House?

Mr. FORKE: For the simple reason that nearly every hon. member who rises in that corner of the House turns to members to his left. It is a favorite trait.

An hon. MEMBER: We like to look at you.

Mr. FORKE: That is all very well. If such is not the fact, do not get annoyed.

Mr. BOYS: I am not annoyed.

Sir HENRY DRAYTON: In the opinion of the hon. leader of the Progressive party, is it better to have exemption from sales tax on fancy goods than on lumber? I will give the hon. member another question. Does he think ice cream is more important than lumber?

Mr. ROBB: Mr. Chairman—

Sir HENRY DRAYTON: I have asked the hon. member for Brandon a question, and the hon. member need not answer.

Mr. MEIGHEN: The minister will not answer questions addressed to himself; why should he answer questions put to the Progressive leader?

Mr. SUTHERLAND: After the lecture we have received from the hon. member for Brandon (Mr. Forke), I am sure hon. members are not at all surprised that some of us who have sat here silent for some time should have something to say. We have become accustomed to receiving advice and lectures of this kind from the leader of the group to our left. It appears that he is quite satisfied that he has been driving a bargain with the hon. members who represent the government, or the government themselves, and he says "Because they have granted my demands along certain lines, I think it is up to me now to concede something in return." This is the kind of bargaining to which we have been subjected during the whole session. This is something that was in effect even before the House met; and yet we are supposed to remain in our seats and take a lecture from the hon. member for Brandon. It is a bargain and sale—nothing short of it—and it has been going on all during the session. The hon. member for Brandon now rises in his place and says, "This would be a very nice thing for the farmer, but the farmer has already received a great deal in the way of concessions at the hands of the government." What about the people living in the towns and cities who have to buy building material for their houses? We were granting loans to the poor people to enable them to build houses. The hon. member has no sympathy with those people when considering the tax that is now being imposed upon them. I would not have spoken on this matter had it not been for the remarks which the hon. member has just made. Rest assured that if the government finds itself in an indefensible position we will find the hon. member for Brandon attempting to defend them, and, judging from the defence he puts up, I do not think the government are very grateful to him sometimes for his attempt to come to the rescue.

Mr. FORKE: I am sure I accept the reprimand I have received in a very grateful spirit. This afternoon I moved an amendment which was carried by a majority in this chamber, and the hon. member for South Oxford (Mr. Sutherland) said that I was bargaining with the government. I do not see what bargaining there is when you move an amendment and it is carried.

Mr. CLARK: When was that amendment voted on?

An hon. MEMBER: The hon. member was out of the chamber.

Mr. CLARK: I was not.

Sir HENRY DRAYTON: I am going to ask the Chairman if there was a vote in this House to-day on the amendment proposed by the hon. member for Brandon.

The CHAIRMAN: It was declared carried.

Sir HENRY DRAYTON: No vote and no discussion. What happened was that my hon. friend went over, discussed it with the minister, got his consent, and it was declared carried.

Mr. MEIGHEN: All we find fault with is that the hon. member does not go over there and stay there. Let him stand out true before this country exactly what he is, a bargainer with the government, a bargainer day by day, an accessory to the government and all its works. That is what he is. Let him go and merge with them and present a straight front before the people of Canada. Then we have something we can understand. But this procedure of playing at one end, and sticking by a group party in the West, to pretend to be urging for one policy when his party is really supporting the government in another policy, is what we object to. That is not straight politics. Instead of looking across the aisle, with his eye meeting that of the leader of the government in a confession of mutual virtue, and claiming that there is no bargain when the bargain is written across the face of everything done in this House, let him go over as a straight supporter of the government and take all he can with him. Let us have two parties and fight the issue in this country, and let the will of the majority rule.

Mr. FORKE: I have just one remark to make and then I am through. I think the language used by the leader of the opposition (Mr. Meighen) is not language that is fitting coming from the leader of a great party in this House to myself.

Mr. STEVENS: My hon. friend referred to resolutions moved—I moved two of them this afternoon and my colleague, whom I joined, moved the third—as motions deliberately designed to obstruct and to embarrass and moved for no other reason. That statement is absolutely without the slightest foundation in fact. I moved two resolutions genuinely designed and based upon one idea, namely, to give effect to what the government says, to reduce the tax upon food. What were those two resolutions? The first was

that canned fish, including salmon, herring, sardines, lobsters and oysters, should all be placed on the free list. My hon. friend rose in his place—

Mr. FORKE: I do not recollect—

Mr. STEVENS: I saw him. My hon. friend's recollection is very faulty. He rose in his place and he said to the minister that he thought it was a very good move and resolution, with the exception that it included oysters and lobsters. The resolution was before the Chair. We voted on it and it was voted down. Then, in order to meet the objection of my hon. friend (Mr. Forke), I moved a second resolution, exactly what he asked for, and again the resolution was voted down. Now, he comes along and gives this corner of the House a lecture upon how to present resolutions. He impugned our motives. He is constantly impugning our motives, simply because we have principles, ideas and convictions which we are not afraid to stand by in this House. My hon. friend stands in his place and, with a great deal of sanctity in his expression and tone, in a tone of superiority, of self-righteousness, the tone that the Pharisees used—

Some hon. MEMBERS: Oh, oh.

Mr. STEVENS: Let my hon. friends say "oh, oh," if they like. We have been sitting here long enough listening to these lengthy lectures from the leader of the Progressive party (Mr. Forke). Not a move is made by hon. members in this section of the House but its motives are impugned. He also moved one or two resolutions; but my hon. friend (Mr. Forke) pussy-footed across the chamber, whispered for a few minutes in the ear of the minister, came back and moved two resolutions regarding two items which I have before me. These two items were windmills which he wanted on the free list and portable engines. What was the little by-play? Why, a child could see through it. After tripping across the floor of the House and whispering for about five minutes in the ear of the minister, he came back again and, with an air of innocence and sanctity, he moved his resolution. The minister, completing the childish by-play, got up and said. "Yes, I think we will accept it; it is a perfectly proper resolution." Why, it is part of the price the government is paying for support: It is part of the blood money of the politics of this country. That is what it is.

Some hon. MEMBERS: Oh, oh.

Mr. STEVENS: It is part of the price being paid for the votes of hon. gentlemen in this

House to pull this government through, and nothing else, and it would not be considered for five minutes by the government if the government had a majority behind them. Then, my hon. friend not only stands in his place, but goes out before the public constantly making insinuations as regards the morals, intentions and motives of hon. gentlemen in this section of the House. We are just a little bit sick of this and we do not purpose standing it very much longer. I reiterate—and I stand behind what my leader has said—let hon. gentlemen to my left, under the leadership of the hon. member for Brandon, who has given and who is giving slavish support to this government, join the government forces honourably and manfully, and stand behind them. Then, at least, we shall have respect for them. We have respect for hon. gentlemen wherever they sit when they bring forward their opinions of policy upon which they are prepared to stand and fall but as regards this seesawing and pussyfooting, going across the floor and saying to the minister "Now, if you will accept this, I will move it, but if you do not want to accept it, I will not move it. Will it embarrass you? If it does not embarrass you, I will move it." Or, "Mr. Minister. let me move this. You see you did not bring this down in the budget; but if you let me move this item, it will help me with my farmer friends in the West and I shall be able to go back West and say: 'Look at what I have done; I have got windmills on the free list'—this pussy-footing and bargaining does not become the hon. gentleman very well. In fact, he has no particular qualifications which warrant him in standing, not monthly, but daily in his place and reading little curtain lectures to us for our actions in this House. These actions that we are taking, the part that we are taking, the position that we take on the tariff, we take fairly; we do not take it simply because it is helping us here or there, but because it is our policy. We believe in protection; we believe in a consistent, intelligible principle of protection running through the tariff of this country. We propose to fight for it wherever we have the opportunity, and we do not propose to be diverted from it by insinuations as to our motives by such an hon. member as the representative for Brandon.

Mr. FORKE: I have no intention of replying to the statements made by the hon. member (Mr. Stevens). Hon. members know me; they know all about me so far as that is concerned, and they are able to judge for themselves. He made one statement to which

I want to take exception. He said that I go outside the House and impugn the morality of members in that part of the chamber. I defy the hon. gentleman to find in any speech or any remarks that I have made at any time any words that ever imputed wrong motives to hon. gentlemen in that part of the House. What I have said, I have said on the floor of this House. I have often been found fault with because I have not used stronger language, because I have not been bitter enough against my hon. friends. In my own locality they will tell you that I am not bitter enough. I have paid tribute time and and time again to the leader of the opposition (Mr. Meighen), and newspapers have come out in the West with the heading "Forke lauds the leader of the opposition." That has occurred time and again, and yet hon. gentlemen in this House to-night say that I have impugned the morality of hon. members in that part of the chamber. I deny it. I never used any language of that kind.

Mr. ROBB: It is only fair to the leader of the Progressive party to say that when he crossed the floor this afternoon, it was to ask me if a certain item that he pointed to in the Customs Act was free from the sales tax. That is the only conversation we had.

Sir HENRY DRAYTON: My hon. friend addressed a question to me some time ago and I think it has been lost sight of.

Mr. ROBB: We have gone far afield.

Mr. LAPOINTE: Hear, hear.

Sir HENRY DRAYTON: My hon. friend says: "hear, hear." He must recognize that there is a time for justifiable anger. I have seen him very angry at very much smaller things. He used to have a dreadful way of being angry when he sat on this side. If you could only have seen my hon. friend perform at top speed when he was in opposition—I am sure he could have been heard on Sparks street—you would know what either real or simulated anger was. The acting minister asked me to withdraw this motion. It is perfectly true that while my hon. friend made the speech which I have read and which, I think, he will agree with me more than justifies everything that I am suggesting to-night, he did not press it to a motion. It is also true that what my hon. friend then wanted was to have lumber made entirely free. He was attacking a 3 per cent tax and nothing would satisfy him but absolutely free lumber. All I suggest is that he go back to the tax which he attacked. Three per cent was entirely too high then, but 5 per cent is reasonable now. My hon. friend says he has given other concessions to the farmers and therefore I should not press the point. Now, one of the things I dislike about the whole of this budget, and the entire manner in which the sales tax exemptions are arrived at, is the total lack of anything like principle, the utter lack of any motive, except apparently that of expediency: whoever shouts the loudest and longest or can make the most trouble will get something. For the life of me I cannot see any justification in a scheme of sales taxation that exempts in part luxuries—and there are luxuries exempted here—and not only retains but even multiplies the tax on a common necessity of everybody, namely, lumber, to the taxation of which my hon. friend formerly objected. At the time the former tax was in effect the general field of taxation was infinitely broader than it is now; lots of things that were taxable then along with lumber were far less necessary than this article. And to the degree in which my hon. friend has exempted these other commodities, for which there is less justification for exemptions than in the case of lumber, just to that degree is the case for this particular exemption all the more strengthened. Fancy biscuits and the like are to be exempted from taxation; but what about this underlying national necessity? All I ask the minister to do is to put it where it was before; not to do what he says, namely, put it on the free list, but leave it where it was formerly. But, says my hon. friend, he cannot do that on account of the revenue. Well, if he pays attention to the hon. member for Brome and that gentleman's arguments with reference to the old tax, he will put this article back where it was and make more money. He will do that if the whole trouble is the revenue. And the trade will thank him for doing so. The trade know that there is a great deal of difference between the three and the five per cent, and the trade will take a chance.

Mr. TOBIN: Does the hon. member say that the trade would rather go back to the old tax of 3 per cent than have the 5 per cent tax? If he says so he has been misinformed, because the manufacturers, the wholesalers and the retailers of this country are in favour of the present tax, and I know what I am speaking of.

Sir HENRY DRAYTON: There is no doubt that the wholesaler and the jobber got what they wanted.

Mr. TOBIN: And the manufacturer.

Sir HENRY DRAYTON: Only the manufacturer of certain articles did. The whole of that scheme was brought out in Ripley's report.

Mr. TOBIN: It will cost the consumer less to-day than under the old tax and I can prove that if the hon. member wishes to be fair.

Sir HENRY DRAYTON: My hon. friend has a great task ahead of him, because he has in his path facts that are absolutely incontrovertible. If the hon. gentleman desires now to prove his point I am quite content to give way to him. However, let me ask him to take the question of rough lumber and show the committee how much cheaper that article will be under a tax of 5 per cent than under one of 3 per cent.

Mr. TOBIN: That tax was repeated and the consumer did not know what he was paying; the wholesaler had to charge it and the jobber passed it on to the retailer, so that when you came to the factory of the manufacturer who produced sashes and doors you found that the tax was 11¾ per cent in some cases.

Sir HENRY DRAYTON: I am sure the hon. member thinks he has done what he said he would do. What did he undertake to do? He said he would prove that it cost the people more, under a tax of 3 per cent, for rough lumber that it does under a tax of 5 per cent, and he talks about the multiplication procedure. Well, here is the old act which provides that there shall be no further taxes charged on re-sale. If the hon. member would only take the trouble to read the law we should not have so many absurd statements.

Mr. TOBIN: I took the matter up with the Commissioner of Customs who informed me that they could not charge less than 11¾ per cent. I do not know the law, but he does; at least he is supposed to know it. He is one of the hon. gentleman's nominees.

Sir HENRY DRAYTON: I did not quite catch that.

Mr. TOBIN: I said I did not know the law but that I went to one of the hon. gentleman's nominees and that was the decision he gave me.

Sir HENRY DRAYTON: Well, you know Mr. Chairman, the kind of decision you get depends very often on the kind of question that is asked; and judging from the way in which my hon. friend is dealing with the question I should not be surprised at any answer he might get.

[Mr. Tobin.]

Mr. TOBIN: The hon. member ought to be fair. A complaint was made by one of the manufacturers in my county who stated that the tax finally amounted to 11¾ per cent. He took the matter up with me as representative of the constituency and I submitted it to the Customs department. I received an answer from Mr. Farrow in writing to the effect that they could not rule otherwise under the law and the tax had to be collected.

Sir HENRY DRAYTON: I have no doubt that the hon. gentleman is prefectly sincere, but I am confident that the whole files of the department will be searched in vain for a collection made by Mr. Farrow of 11¾ per cent—

Mr. TOBIN: The manufacturer had to pay that and charge it all to the consumer.

Sir HENRY DRAYTON: Let us get back to the act. I am sure the hon. member must be referring to the present sales tax, because that is how it works out now. It was all worked out for him last year; it came to 11 decimal something. However, I am going to take the act. Surely there should be no debate on that score; there should be no idea of misrepresenting the law as it actually is:

> Provided that in respect of lumber an excise tax of 3 per cent shall be imposed, levied and collected on sales and deliveries by the Canadian manufacturer, and further excise tax will not be payable on re-sale.

Now, that is the law to which I want to go back in the case of lumber. What idle nonsense it is to talk about duplication in connection with the motion which I have submitted in respect to lumber! What nonsense it is to refer to the evidence of Mr. Pedlow, who never mentioned lumber at all! What nonsense it is to say that three is greater than five—for that is what is being said!

Mr. ROBB: My hon. friend quoted a moment ago the maximum tax on lumber as 3 per cent. There should be no further tax on the resale of that particular lumber. But when manufactured into furniture or into doors, sashes or panels there is a further tax.

Sir HENRY DRAYTON: My hon. friend was not referring to furniture in his speech of 1921. I am staying with him on lumber.

Mr. ROBB: That is quite right. But let me point out to my hon. friend, who has had considerable experience in the administration of the Department of Finance, that if we accept his suggestion I do not see how it can be carried out as a matter of administration. In the first place we impose, according to his suggestion, 3 per cent on the raw

material. Then what are we going to do when it is manufactured into doors, panels and sashes? We will get into the same difficulty pointed out by the hon. member for Richmond and Wolfe (Mr. Tobin), who is a practical lumberman. He states that the tax now is generally satisfactory to the lumbermen. I think we had better leave it where it is.

Amendment negatived: Yeas, 33; Nays, 84.

The CHAIRMAN: Shall the resolution carry?

Sir HENRY DRAYTON: Mr. Chairman, this afternoon before adjournment I asked my hon. friend for the losses of revenue in connection with each of these reductions in taxation. Of course, as the Chair is well aware, this is something we ought to have in considering these matters. My hon. friend did not have his sales tax memorandum with him, which he had had prepared when he brought down the budget. He has since been good enough to tell me that he has not been able to find it but he hopes to be able to have it to-morrow. I would suggest that we should now adjourn consideration of this resolution and go on with something else, if he desires, so we can have the memorandum to-morrow when the House is sitting.

Mr. ROBB: I will promise to get the memorandum for my friend to-morrow. I think it is in the office in the East Block. But we might pass the resolution.

Sir HENRY DRAYTON: The only trouble is that the memorandum is in connection with these very matters of exemption, and it is not of much use unless we have it before us when considering them. Why not take up resolution 3?

The CHAIRMAN: We are at resolution No. 2, which is changed to No. 3.

Sir HENRY DRAYTON: Well, take up the next resolution, if you will have the promised information to-morrow.

Mr. ROBB: Very good. The next resolution becomes No. 4.

4. Resolved, That it is expedient to amend The Special War Revenue Act, 1915, and amending acts as follows, that is to say:

(a) By repealing subsection three of section nineteen BBB of the said act and substituting therefor a new subsection three providing that if at any time it appears to the Minister of Customs and Excise that payment of the consumption or sales tax is being evaded by a licensed manufacturer or producer or licensed wholesaler or jobber the minister may require that the consumption or sales tax shall be imposed, levied and collected on any material specified by the minister sold to any licensed manufacturer or producer or licensed wholesaler or jobber or to any class of licensed manufacturers or producers or licensed wholesalers or jobbers specified by the minister, at the time of sale of such material when produced or manufactured in Canada, or at the time of entry for consumption by such licensed manufacturer or producer or licensed wholesaler or jobber when such material is imported, subject to deduction thereafter on submission by the licensed manufacturer or producer or licensed wholesaler or jobber of proof that such material has been used in the manufacture of an article which is subject to the consumption or sales tax and on which the said tax has been paid.

(b) By repealing subsection five of said section nineteen BBB.

(c) By striking out subsection six of said section nineteen BBB and substituting therefor the following:

"(6) Subject to the provisions of subsection three of this section, every manufacturer or producer shall take out an annual license for the purpose aforesaid, and the minister may prescribe a fee therefor, not exceeding two dollars, and the penalty for neglect shall be a sum not exceeding one thousand dollars. Provided that the minister may direct that any class of small manufacturer or producer selling his product exclusively by retail shall be exempt from payment of consumption or sales tax on goods manufactured or produced by him and persons so exempted shall not be given a license. Such exemption may be withdrawn by the minister."

Mr. ROBB: In connection with this resolution, Mr. Chairman, I want to make this statement:

The section is designed essentially to protect the revenue. If evasion occurs in scattered individual cases the section would be invoked only in such cases, but if in any particular branch or class of industry there should appear widespread evasion, the section provides power for dealing with such cases as a "class." It may be and it is to be hoped that no occasion would ever arise for invoking the section as to a class or classes of industry, but it is felt desirable, in order to facilitate administration, that power should be given to deal with widespread evasion in a general way. Further, it may be that the nature of a particular line of business lends itself to evasions, and in such a case the only effective safeguard to the revenue would be to deal with the class and not the individual. But the committee may rest assured that the section will certainly not be invoked to cause hardship to the innocent majority on account of evasions by one or a few of their class.

This statement is given to me by the officers of the excise department, who have had experience in administering the act.

Sir HENRY DRAYTON: I am very glad my hon. friend has made the statement. Perhaps he will be able to go a little further. Perfectly reputable merchants have written to me in connection with the matter, and their point is very simple. They say that if a merchant offends he should be dealt with at once. But what they object to very strongly is that the whole of a decent trade should be

stigmatized and treated in this way because there happen to be one or two unscrupulous people engaged in it. It does make business infinitely more difficult to carry on, as my hon. friend well knows. I quite agree that he must protect the revenue, but instead of penalizing a whole class possibly—and I know the department will not want to do it, and simply because of their disinclination will render it all the more difficult to carry out the plan—I would suggest that an effective way to protect the revenue would be to make this offence of such a character that it would not be repeated; in other words, provide for very stringent penalties against offenders as individuals and not penalize a whole class, because perhaps 90 per cent of the class should not be penalized. It is a matter entirely for my hon. friend, and I am not going to say anything further. I agree with the object of the amendment, but I do not think it is at all wise to penalize in the omnibus way in which penalties can be inflicted under this section as amended.

Mr. ROBB: I am satisfied that we can trust the officers to use reasonable discretion. I do not think they would ever dare attack a class unless it was absolutely necessary.

Resolution as amended agreed to.

5. Resolved, That it is expedient to introduce a measure to amend subsection seven of section nineteen BBB of The Special War Revenue Act, 1915, by providing that any bona fide wholesaler or jobber may be granted an annual license for the purposes of the said section and that the license of any wholesaler or jobber who contravenes any requirements of the said section shall be cancelled forthwith and shall not be restored within a period of two years after the date of cancellation.

Sir HENRY DRAYTON: Would not the minister like an amendment to that, in view of the other amendment?

Mr. ROBB: This resolution provides that any bona fide wholesaler or jobber may be granted an annual license. The present act provides that only a wholesaler or jobber selling not less than 50 per cent of his total sales to a licensed manufacturer may be granted a license. This will remove a condition that was most difficult to operate.

Resolution agreed to.

Mr. ROBB: I beg to move that the following be added as No. 6 of these resolutions:

6. Resolved, That it is expedient to introduce a measure to amend The Special War Revenue Act, 1915, and amending acts by providing that a refund or deduction of the amount of the consumption or sales tax paid under section nineteen BBB may be granted to a wholesaler, jobber or other dealer on goods enumerated in tariff item 445a when sold to manufacturers to be used as specified in the said item.

[Sir Henry Drayton.]

The purpose of the resolution is to put Canadian material which is in the hands of wholesalers, jobbers or other dealers on the same footing as imported material used in the production of articles covered by tariff item 445a.

Mr. STEVENS: Is it the purpose of this resolution to remove the sales tax from material sold by Canadian dealers to manufacturers of agricultural implements?

Sir HENRY DRAYTON: I would suggest to my hon. friend that as this resolution is not printed, he had better rise and report progress.

Mr. ROBB: This gives authority to give a refund to the manufacturer who may have sold to his own agent; it is to cover the case where he sells to any person where it comes in free under the act.

Resolution agreed to.

Mr. ROBB: I beg to move that the following be added as No. 7 of these resolutions:

7. That a refund of the consumption or sales tax may be granted on imported goods which are free of customs duty and which are found not to be according to order, provided such goods are exported under customs supervision within three months from the date of the customs entry.

The purpose of the resolution is to put imported free goods in practically the same position as is already provided for by subsection ten in the case of imported dutiable goods.

I draw the attention of the committee to section ten of the Special War Revenue Act, 1915:

A refund of the consumption or sales tax may be granted on imported goods on which customs duties have been refunded on exportation; and a refund of the said tax may be granted on domestic goods exported, under regulations prescribed by the Minister of Customs and Excise.

This is to put free goods on the same basis dutiable goods are already on.

Sir HENRY DRAYTON: Dutiable goods are a little different. In the case of dutiable goods a refund may be given at any time the minister may direct. What I mean is this: The merchant knows very little about the taxes, or about a defect in the article being brought in, and as I understand the Customs Act, the minister could at any time later on, after three months, upon a defect being apparent, allow a refund to be made. But this ties you down to three months exactly.

Mr. ROBB: If they paid the duty, not if they came in free and paid sales tax.

Sir HENRY DRAYTON: Should it not be the same in both cases?

Mr. ROBB: The customs people have approved of this change.

Sir HENRY DRAYTON: Why not add: "or within such time as the minister directs?"

Mr. ROBB: The other is three months. This is the regular clause.

Sir HENRY DRAYTON: I think my hon. friend is wrong about that. It seems to me that there is no question that when reports are made to the Minister of Customs that hardship would result unless a refund was made, the refund can be made even after the three months has elapsed. Supposing the three months have gone, without any fault on the part of the person injured; should it not be within the discretion of the minister to recommend a refund?

Mr. ROBB: The expert tells me that formerly it was one month, so far as customs is concerned, and then three months. The memorandum given me says:

The purpose of the resolution is to put imported free goods in practically the same position as is already provided for by subsection ten in the case of imported dutiable goods.

Sir HENRY DRAYTON: I would suggest that my hon. friend should let this stand and consult with the Minister of Customs.

Mr. ROBB: The Minister of Customs gave me this.

Sir HENRY DRAYTON: I think you will find that the Minister of Customs himself very often recommends a refund outside of the statute of limitations.

Mr. ROBB: Oh, yes, but this would go to the Treasury Board.

Sir HENRY DRAYTON: I see. So long as that is clear I am quite content.

Resolution agreed to.

Progress reported.

On motion of Mr. Mackenzie King the House adjourned at 11.15 p.m.

Tuesday, May 27, 1924

The House met at three o'clock.

SELECT STANDING COMMITTEES

BANKING AND COMMERCE

Mr. THOMAS VIEN (Lotbinière) presented the seventh report of the select standing committee on Banking and Commerce recommending that the minutes, proceedings, and evidence taken before the select standing committee on agricultural conditions last session be referred to it.

On motion of Mr. Vien the report was concurred in.

MINES, FORESTS AND WATERS

Mr. PIUS MICHAUD (Restigouche and Madawaska) presented the first report of the select standing committee on Mines, Forests and Waters, stating that the committee had had under consideration Bill No. 6, respecting quartz mining in the Yukon territory and had agreed to report the same with amendments.

PRIVILEGES AND ELECTIONS

On the motion of Right Hon. W. L. Mackenzie King (Prime minister) the name of Mr. Ethier was substituted for that of Sir Lomer Gouin on the select standing committee on Privileges and Elections.

JOINT COMMITTEE ON PRINTING

Mr. GAUVREAU moved the adoption of the second report of the joint committee on the Printing of Parliament.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS

Bill No. 129 (from the Senate), to incorporate Dominion Electric Protection Company.—Mr. Marcil (Bonaventure).

Bill No. 130 (from the Senate), respecting Alliance Nationale.—Mr. Archambault.

Bill No. 131 (from the Senate), for the relief of Ruth Ethelind Jackes.—Mr. Ryckman.

Bill No. 132 (from the Senate), for the relief of Wilfred John Mitchell.—Mr. Simpson.

Bill No. 133 (from the Senate), for the relief of Edward James Bentley.—Mr. Sheard.

Bill No. 134 (from the Senate), for the relief of Elizabeth Sylvia Cameron.—Mr. Ross (Kingston).

Bill No. 135 (from the Senate), for the relief of Wilhelmina Aird McKay.—Mr. Preston.

Bill No. 136 (from the Senate), for the relief of Mary Ellen McClelland.—Mr. Garland (Carleton).

Bill No. 137 (from the Senate), for the relief of Annie Jane Bridges.—Mr. Harris.

Bill No. 138 (from the Senate), for the relief of Florance Rathbun.—Mr. Thurston.

Bill No. 139 (from the Senate), for the relief of William Samuel Morrow.—Mr. Stewart (Leeds).

Bill No. 140 (from the Senate), for the relief of Ethel May Macdonald.—Mr. Church.

Bill No. 141 (from the Senate), for the relief of Stanley George Harris.—Mr. Sheard.

CHICAGO DRAINAGE CANAL

On the Orders of the Day:

Mr. T. L. CHURCH (North Toronto): I should like to call the attention of the government to the fact that several weeks ago I brought the matter of the diversion of water for the Chicago drainage canal before the House on a motion which was debated, and at the request of the government, the debate was adjourned. On my motion an order was made for the production of papers on the subject, and later certain papers were tabled. In the meantime great damage is being done to navigation on the Great Lakes, and in several harbours the depth of water is from one to two and three feet lower than last year. What is being done, or what will be done about this matter? Several deputations from Ontario have gone to Washington in relation to the question, although they have done nothing and do not represent Canada. If the League of Nations is such a success, why not let them take a hand in this and also in the matter of the Toronto viaduct? If the government can get nowhere on this subject, when will an opportunity be afforded to again discuss the matter? Furthermore will the government do something?—as I do not wish to occupy further time with it this session.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The government is represented at the meeting to which my hon. friend refers. Mr. Stewart, of the Department of Marine and Fisheries is representing the government at that meeting.

Mr. CHURCH: What effect will that have?

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): The Prime Minister's answer does not seem adequate, and I feel, as well, that the House is entitled to a fuller statement as to the present situation of the controversy. The papers laid on the Table do not bring the matter up to date; indeed, they are all quite old. Can the Prime Minister not give the House some information as to what, if any, progress is being made towards curing what is fast becoming an intolerable situation in the condition created by the Chicago drainage canal?

Mr. MACKENZIE KING: The hearing before the Senate committee is in progress at the present time, and is still continuing. I think that stage of the proceedings ought to be concluded before any other action can be undertaken.

Mr. MEIGHEN: But the hearing is merely an application for a further diversion. The present diversion is undoubtedly under protest. But that is not what the hearing is called for, as I understand.

Hon. CHARLES STEWART (Minister of the Interior): Yes, the application is asking to transfer 10,000 cubic feet of water to be used, and objection is being taken to this and the controversy is now proceeding before the Senate committee at the present moment, as well as an action in the court which presumably will be heard this fall. That is the situation at the moment. A protest from this government has been lodged, Mr. Stewart, on behalf of the Department of Marine and Fisheries, has been present at the hearing, although taking no official part in it.

Mr. MEIGHEN: My point is this: The hearing before the Senate committee is in effect the hearing of an application for a further diversion, really, no doubt, a confirmation of the present unauthorized diversion up to 10,000 cubic feet per second. Is the government's attitude at the present time merely being represented before the Senate committee? If that is the attitude, I consider it not only inadequate but not dignified, as respects what the government should do under the circumstances.

Mr. STEWART (Argenteuil): The government has protested, as my right hon. friend is aware, against the diversion of the water and the matter will be referred to later on. I might also point out that the fight is being vigorously prosecuted by interests which are opposed to the diversion. The people in the cities surrounding Chicago and other people interested are protesting just as vigorously as it is possible to protest and to fight. It is very questionable I think whether it is advisable for this government to interfere at this moment further than they have done.

Mr. MEIGHEN: I cannot say that I am satisfied with the explanation.

Mr. McMASTER: We in this corner of the House can hardly hear a word that is being uttered.

Mr. MEIGHEN: The last statement was not important.

PRIVILEGE—Mr. NEILL

On the Orders of the Day.

Mr. A. W. NEILL (Comox-Alberni): I wish to correct a mistake made yesterday in committee. It will be found recorded in Hansard at page 2533. The hon. member for Centre Vancouver (Mr. Stevens) is reported as speaking as follows, referring to the Acting Minister of Finance:

—and as the minister has already responded twice very courteously and very kindly this afternoon to the suggestions of the hon. member for Brandon (Mr. Forke) and the hon. member for Comox-Alberni (Mr. Neill)—after, I noticed, a little conference —and if—

And so on. The reference is to the amendment I moved to take the sales tax off calf, hog and cattle feed. I wish to state that I had no conference with the minister or any other member of the government yesterday or any other day with regard to this matter. Perhaps the minister was actuated in accepting my amendment by a conviction that I had a just cause and was not playing politics.

LEAGUE OF NATIONS

TREATIES OF MUTUAL ASSISTANCE

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Has the government received from the British government or the League of Nations any treaties of mutual assistance, such as I believe are being circulated among the members of the League of Nations, and if so what has the government done in respect to these treaties so submitted.

Right Hon. W. L. MACKENZIE KING (Prime Minister): What mutual assistance does my hon. friend refer to?

Mr. MEIGHEN: I presume the minister has not received any of these circulars. What I understand is that certain treaties of mutual assistance have been under consideration by the League of Nations and submitted to its members—treaties looking to the assistance of each other, the purported object being the better security of Europe.

Mr. MACKENZIE KING: I am not aware of the recent receipt of any such treaties, but I shall make inquiry.

Mr. IRVINE: I rise to a point of order. If the right hon. members wish to have a personal conversation, they might go outside, and not take up the time of the House. In this part of the chamber we cannot hear a word that is being said.

HECTOR CELEBRATION

Mr. DOUCET: On May 12 last I moved:

For return showing the detailed expenditure of the money voted by the Parliament of Canada at the last session for the Hector celebration at Pictou, Nova Scotia.

A return was brought down, but was incomplete. I wish to direct the attention of the House to the fact that the return is incomplete and would like to have the necessary information.

Mr. ROBB: I think all the information available was given to my hon. friend. As a matter of fact there was just one vote, and according to my recollection it was given to the committee. I do not think we have any details.

CANADIAN NATIONAL RAILWAYS

BILLS PROPOSED TO AUTHORIZE THE CONSTRUCTION OF BRANCH LINES

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals) moved:

The third reading of Bill No. 46, respecting the construction of a Canadian National Railway line from Lloydminster, in the province of Saskatchewan, northwesterly 45 miles.

Mr. H. E. SPENCER (Battle River): I am very much in favour of this bill going through, but I wish to take this opportunity to refer to a statement that was made in this House when the bill was read a second time. The proposed railway will be built from Lloydminster in a northwesterly direction. The Canadian Pacific Railway to-day have a line that is built from the east as far as the Battle river, some twenty miles south of the town of Lloydminster. It is their intention I understand to eventually go to Vegreville. The shortest way to Vegreville would be to go west of where they are, instead of going to Lloydminster and then back northwest and then to Vegreville. If it goes to Lloydminster it means we will have a duplication of railways running northwest from that town. When this was brought up previously in this House, I recommended that we should do all we could to encourage the Canadian Pacific to build westward and so serve a very large country in need of a railway instead of going north to Lloydminster. It is not that I do not wish Lloydminster to have a railway; it will be very well supplied when the Canadian National builds its extra line in there. But when the discussion was taking place in the House, the hon. member for North Battleford (Mr. McConica), in referring to that part of my constituency

through which I suggested that the Canadian Pacific should build, referred to it as "not a very good country." Later on in the Railway committee, he informed the members that the country was no good and that there were no people there. This information has gone abroad, and I might say that it is very much resented by the people of that section of country which is very badly in need of railway facilities. I think anything that is said in this House that would have a tendency to stop any railways, public or private, from going in there, is doing a great deal of harm.

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

WAYS AND MEANS

SALES TAX

The House in committee of Ways and Means, Mr. Gordon in the chair.

3. Resolved, that it is expedient to introduce a measure to amend The Special War Revenue Act, 1915, and amending acts, by providing that the following goods shall be exempt from the consumption or sales tax imposed by section nineteen BBB of the said act, that is to say:—books enumerated in Customs Tariff items 173 and 175; printed text-books authorized by the Department of Education of any province in Canada; and materials used exclusively in the manufacture or production thereof; goods enumerated in Customs Tariff items 45, 46, 64, 209b, 219a, dry preparations used for the same purposes as goods enumerated in item 219a, 281, 281a, 352a, 410, 410a, 445, 445a, 445b, 446, 446b, 446c, 447, 447b, 448, 449, 450, 453b, 453c, 453d, 456a, 460, 460a, 460b, 460c, 460d, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 544, 591, 591a, 663b, 666, 667, 696; tubing enumerated in Customs Tariff item 1017; gasoline engines to be used in boats bona fide owned by individual fishermen for their own personal use in the fisheries; insulin; extract of rennet; calf, cattle, hog or poultry feed; ice cream, rice, cleaned; macaroni and vermicelli; meats, salted or smoked; carbolic or heavy oil, to be used only in creosoting logs and round unmanufactured timber; cream separators and parts thereof; cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of goods enumerated in Customs Tariff items 219a, dry preparations used for the same purposes as goods enumerated in item 219a, 281, 281a, 410, 410a, 445, 445a, 445b, 446, 446b, 446c, 447, 447b, 448, 449, 450, 453b, 453c, 456a, 460, 460a, 460b, 460c, 460d, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 544, 591, 591a, 663, 663a, 663b, 666, 667, 696; tubing enumerated in Customs Tariff item 1017; gasoline engines to be used in boats bona fide owned by individual fishermen for their own personal use in the fisheries; articles and materials to be used exclusively in the manufacture of cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cream separators and parts thereof; materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods subject to the consumption or sales tax, manufactured or produced by a licensed manufacturer or producer; materials, not to include plant equipment, consumed in process or manufacture or production, which enter directly into the cost of goods enumerated in Customs Tariff items 281, 281a, 410, 410a, 445, 445a, 445b, 446, 446b, 446c, 447, 447b, 448, 449, 450, 453b, 453c, 456a, 460, 460a, 460b, 460c, 460d, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 544, 591, 591a, 663, 663a, 663b, 666, 667, 696; tubing enumerated in Customs Tariff item 1017; gasoline engines to be used in boats bona fide owned by individual fishermen for their own personal use in the fisheries; and by providing that on the following goods there shall be imposed, levied and collected only fifty per cent of the said consumption or sales tax, that is to say:—boots and shoes, including rubber footwear; biscuits of all kinds; goods enumerated in Customs Tariff items, 86, 105 and 106; creosoted railroad ties.

[Mr. Spencer.]

Hon. J. A. ROBB (Acting Minister of Finance): The hon. member for West York (Sir Henry Drayton) yesterday asked me to give some information to the committee regarding the estimated reductions of the consumption or sales tax. These are the figures:

Customs Tariff Item	Goods	Estimated Reduction
45	Milk foods, n.o.p., prepared cereal foods	$109,000
46	Prepared cereal foods	41,056
64	Sago and tapioca	3,645
173	Books for the blind and deaf and dumb	168
175	Text books, etc.	45,659
	Text books authorized by Board of Education	74,000
209b	Nicotine sulphate	2,020
219a	Preparations for disinfecting and spraying	10,000
281 & 281a	Fire brick	100,000
352a	Church bells	3,600
410 & 410a	Chain	89,000
445	Mowing machines, harvesters, etc.	99,968
445a	Articles enumerated in this item are exempt when entering into the manufacture of certain specified agricultural implements	nil
445b	Articles enumerated in this item are exempt when entering into the manufacture of certain specified agricultural implements	nil
446	Cultivators, harrows, etc., and complete parts thereof	315,306
446b	Ploughs and complete parts thereof	65,945
446c	Windmills and complete parts thereof	12,355
447	Portable engines	48,808
447b	Threshing machines, etc.	263,554
448	Other agricultural implements n.o.p.	171,441
449	Axes, scythes, sickles, etc.	9,480
450	Shovels and spades, blanks, etc.	15,550
453b	Machinery for sawing lumber; logging machinery, etc.	101,160
453c	Mining machinery	76,498
453d	Steel dies etc.	7,500
456a	Ingot moulds	13,573
460 & 460a	Mining machinery	50,000
460b	Gas making machinery etc.	50,000
460c	Blast furnace material	25,000
460b.	Blast furnace material	5,000
461	Machinery for alluvial gold mining	2,500
461a	Pipe for alluvial gold mining	1,008

Customs Tariff Item	Goods	Estimated Reduction
466	Surgical and dental instruments etc..	100,000
466a	Scientific apparatus for hospitals.	4,000
469	Well drilling machinery & parts.	5,000
506a	Crutches for cripples..	1,000
544	Binder twine..	600,000
591	Farm wagons & logging wagons..	
591a	Freight wagons, etc..	27,500
663b	Articles for manufacture of fertilizers..	4,000
666	Exposives etc...	
667	Blasting powder..	8,000
696	Scientific apparatus for educational purposes..	40,000
1017	Tubing for wells..	2,500
	Insulin..	6,000
	Extract of rennet..	4,140
	Calf, cattle, hog and poultry feed	5,000
	Ice cream..	209,000
	Rice, cleaned..	270,000
	Macaroni and vermicelli..	64,160
	Meats, salted or smoked..	2,700,000
	Carbolic oil for creosoting logs..	1,000
	Cream separators and parts.. ..	34,095
	Cars for use at mines, etc.. ..	50,000
	Gasoline engines for fishermen..	10,000
	Material consumed in process of manufacture..	10,000
	Reduction from six to five per cent..	16,000,000
	50 per cent reduction on	
	Boots and shoes..	1,652,142
	Biscuits..	454,000
86	Vegetables in cans..	235,000
105	Fruit in cans..	53,000
106	Jellies, jams, preserves, etc.. ..	129,000
	Creosoted ties..	5,000
	Total..	$24,501,321
	Agricultural implements on hand April 10, 1924..	224,000
	Grand total..	$24,725,321

Sir HENRY DRAYTON: I observe that we have as the winding up item "agricultural implements on hand, April 10, 1924." I take it that that must be a refund. Does my hon. friend propose to submit to the House a vote for that refund, or how is the money to be paid? I should have thought that a vote would be necessary, but I want to hear from the minister himself on the matter.

Mr. ROBB: The matter is dealt with in the act and will have to pass through the Treasury Board. If this is only an estimate we cannot submit a vote. However, I will consider this feature of the subject, and I am glad my hon. friend has directed my attention to it.

Sir HENRY DRAYTON: The statement of the minister that the amount is only an estimate, is not to the point, for every single amount voted here is but an estimate. But a sufficient sum of money is provided in supply to meet these estimates. There is no doubt that a liability is created by statute; but in connection with a matter of this kind, which arises not by reason of the administration of the tax—which would give some right to the board to take action under the Audit Act—but arises as a matter of new legislation of this House, there should be a vote contained in the supplementaries to justify the payment.

Mr. ROBB: My hon. friend is on sound ground and I say again, I am glad he has directed my attention to this aspect of the matter.

Sir HENRY DRAYTON: With regard to "materials consumed in process of manufacture," what business is contemplated? We have information as to the other lines, because we have the customs items given against each one of them; but we have no information which would enable us to check this one. It is on page 3 of the list, just above the large item.

Mr. ROBB: This is a widespread item, as my hon. friend can see.

Sir HENRY DRAYTON: Before the minister answers my question, can he tell us how these amounts are arrived at? Are they deductions from last year's figures, and if they are, are they deductions from those amounts which have actually been collected, or from those which ought to have been collected?

Mr. ROBB: They are based on importations, and records of production in Canada, minus export.

Sir HENRY DRAYTON: Then they are not based on actual collections?

Mr. ROBB: No.

Sir HENRY DRAYTON: They are based on what ought to have been collected. Now, yesterday my hon. friend told me that, of the 3,170 companies which were in arrears, fifty per cent were in arrears previous to the assumption of office by his government. That would mean that they were in arrears under the legislation of 1920 or at least under that of 1921. Has the minister any definite particulars now in regard to that?

Mr. ROBB: I have no further particulars than those I gave yesterday.

Sir HENRY DRAYTON: Has my hon. friend been able to get them?

Mr. ROBB: No.

Sir HENRY DRAYTON: I pointed out before that this answer which I have already quoted, and which was supposed to be in reply to a charge made that taxes were not collected, instead of answering that charge only emphasizes the gravamen of it; it shows

inordinate delays in collecting taxes which ought to be concurrent taxes. Surely my hon. friend should be able to give us a little definite information in regard to what is a matter of very grave moment. He must see that instead of helping the situation he only aggravates it, when he alleges that fifty per cent of these delinquent corporations or individuals, have been owing taxes as far back as 1920, or at any rate 1921. The thing is assuming absurd proportions, if we are supposed to collect these taxes fairly and honestly, without fear, favour or affection. My hon. friend simply confesses an unreasonable delay on the part of the department, and it seems to me that in justice to his own government he ought to give us some satisfactory explanation. If such explanation is not forthcoming I must tell the minister that in my view it will be the duty of parliament to consider a motion for the appointment of a committee to investigate the matter of the sales tax.

Mr. ROBB: As I pointed out to my hon. friend yesterday, in regard to some of these cases provision is made in the act for appeals, and some of the companies have appealed; some have got into the courts. Other companies, again, have failed. When, however, you take into consideration the total collections already made I think my hon. friend will agree that the arrears are not so very great, after all. I am free to say that in my opinion my hon. friend's criticism may do some good, and I agree with him that as far as possible the taxes should be collected without undue delay, so long as no unnecessary hardship or injury accrues to any firm.

Sir HENRY DRAYTON: Will the minister not go a little further and agree with me that the House ought to know whether or not there are, in connection with the sales tax, arrears which have been allowed to remain in abeyance ever since his government came into office? And that is not an allegation on my part; it is the statement we have had from the minister, for we have been told that about half of them were of that character. Surely my hon. friend will admit that this information should be given to the House when we are considering the efficiency of this legislation and the manner in which it is being forced.

Mr. ROBB: I will direct these observations to the attention of my colleague so that when he later on brings down some legislation touching the matter he may be prepared to give a statement as to the real amounts that are probably tied up in the courts and as to the number of firms that have failed. There are some details which I admit my hon. friend is entitled to.

Sir HENRY DRAYTON: I have already shown, from the information that has been given me, that 442 cases were delayed owing to the firms and individuals being in liquidation, while 431 are retail bakers and confectioners who are awaiting the decision of the Supreme Court in the case of Rex vs. Versailles Sweets. But has not that decision been given?

Mr. ROBB: I cannot say:

Sir HENRY DRAYTON: Surely the expert would know whether that decision has been given or not.

Mr. ROBB: My hon. friend will realize that the administration of the act is not in my department.

Sir HENRY DRAYTON: It is a pity that my genial friend the Minister of Customs (Mr. Bureau) has not been here to give us a little light on the subject. But it is not my fault that he is absent, and perhaps my hon. friend will get some one from the department to tell him how the matter stands.

Mr. ROBB: I will ask the department to have a statement prepared for my hon. friend, and, if it is desired, that statement can be tabled.

Mr. MEIGHEN: The minister, I think, should consider some better method of imposition and security in regard to these taxes. It is somewhat incongruous and undignified that the Dominion of Canada in respect of taxes should be pottering away with four hundred or five hundred bankrupt concerns, seeking to collect its toll, or awaiting the time when perhaps these concerns will be able to pay. There may be an odd instance of oversight, or delay, or mistake, or something of that kind, which could be justified; but to have such a general situation as this in regard to hundreds of concerns, in one class of cases, and even thousands in others, is altogether unjustifiable. It is not right that the Dominion of Canada should be standing creditor in this matter, hoping some day to get something. We should not have a tax that necessarily puts us in that position. What I am trying to impress on the minister is this: If we have a tax of such a magnitude that it virtually becomes a tax on capital and therefore not payable in cash, then it ought to be brought to the level where it can be payable in cash. And it is not equitable that a great many people should have to pay the tax

immediately while thousands of others should have the tax tossed about on the waves until at last they are engulfed. I think the minister has his tax now at a level where it is virtually a capital levy, because if profits are not made you cannot pay the tax, and that is why the minister finds himself with three thousand odd accounts outstanding. The sales tax should be at a level where it in no case can become a capital levy, and there should be such methods of collection and security that he would not be standing by with other creditors waiting for "something to turn up."

Mr. ROBB: May I say in justice to the department and the minister (Mr. Bureau) who is absent that this statement appears in the return brought down on May 7, which will be found at page 1834 of Hansard:

Of the 2,466 firms and individuals in arrears of sales tax for a period of over three months, 431 are retail bakers and confectioners who have refused to pay sales tax pending the decision of the Supreme Court in the case of Rex vs. Versailles Sweets; 442 are cases of firms and individuals in liquidation; 363 firms and individuals are paying arrears by instalments and prosecutions have been entered in 463 cases.

So I think my right hon. friend will admit that the department is following up the matter fairly well.

Mr. MEIGHEN: Very well; what is the situation? There are some four hundred out of three thousand that claim at least a rightful delinquency; there is a precedent in litigation that they are waiting. Of the balance, about four hundred are in liquidation, with the minister standing by hoping to get his share; and there are some four hundred more in litigation. Altogether I figure, as the minister read the statement, fourteen hundred of fifteen hundred are accounted for in this way, and with regard to the balance there is nothing doing at all. But my point is this: When the minister has a tax which lands him in that position there is something wrong. The minister should not have three thousand cases outstanding in the collection of any tax. Either there is delinquency in the government or there is unsoundness in the tax, one or the other. I am disposed to think there is both, but in all charity to the administration I fancy that the latter is the main cause. A tax on the present scale is unsound and becomes in many cases a capital levy. This is what I want to press home on the minister. There may be delinquency too, I would be rather surprised if there is not. But though there are all these cases outstanding, it does not necessarily follow I think the main reason for the difficulty of collection is that the tax is on such a scale that it is fundamentally unsound, because the minister should not be in the position of a creditor standing by in three thousand cases of arrears.

Mr. ROBB: It is fair also to the department that, referring to the observations of my right hon. friend, I should give the remainder of the statement brought down on May 7, a portion of which I have already quoted. It continues as follows:

In the balance of the cases the department is corresponding with the firms and individuals concerned with a view to making satisfactory arrangements for payment of arrears before legal action is taken. These latter cases require nursing as drastic action would probably result in financial failures.

4. In default of satisfactory arrangements for payment of arrears legal action is taken.

I think it is fair to the department to say that they are following up the outstanding cases very well. When one stops to consider the thousands of collections that they are making throughout Canada, I think this condition of affairs will compare fairly well with the collections in any large wholesale business whose operations extend all over the Dominion.

Mr. MEIGHEN: Maybe so; but does the minister suggest that the government should, in respect of its tax collections, be in a position corresponding to that of a wholesale merchant doing business for profit? Not at all. That is what I am trying to drive home. He says the Minister of Customs is corresponding with some thousands of people in arrears, and that in several cases he is getting payment by instalments—I suppose so much a week.

Mr. McMASTER: No, longer than that.

Mr. MEIGHEN: Well, a month—I would say, more likely ten years. In other cases he is wet-nursing the situation. All this is not right. No tax should put us in that position. Either the tax is wrong or the collection is wrong. The minister himself, I think, must admit that. I appeal to the new leader of the Progressive party (Mr. McMaster). Does he think the government of Canada should, in respect of three thousand cases of tax arrears, be in the position of nursing the accounts and getting payments per week, per month or per year? Is that situation in itself justifiable on any conceivable ground? It cannot be. Does he not think that it is accounted for by one of two things—and more probably by the first I shall name—by the fundamental unsound-

ness of the tax as at present imposed and the scale upon which it is imposed, or the securities taken therefor; or, secondly, by delinquency in collection?

Mr. McMASTER: The leader of the opposition has appealed to me in a borrowed name. In reply, I would say to the committee that if there are a number of delinquent accounts I think it is better in the interests of the country and, in the long run, in the interests of the treasury, that these should be nursed along in order that the largest possible amount may be collected, and in order that firms should not be driven to the wall. I think that is reasonable common sense. I would trust that the charity of which the hon. gentleman has spoken would cover any failure of the government in pushing the thing to the extremity which, apparently, he would like.

Mr. ROBB: Mr. Chairman, may I point out to my right hon. friend that the tax system he is criticising came into force on January 1, this year? Now, in the statement tabled the total arrears of three months and under numbered only 704. So he cannot attribute the condition to the unsoundness of the act.

Mr. MANION: I was going to point out another aspect of the matter, but first I should like to congratulate the hon. member for Brome (Mr. McMaster) on his very ready acceptance of the new title which the leader of the opposition gave to him.

Mr. McMASTER: I disclaimed it. There is another instance of Tory unfairness!

Mr. MANION: In listening to these delinquent tax cases one's recollection is naturally thrown back to the old election cry with regard to the Riordon case. We were abused very severely for having allowed one company to forget to pay its taxes right on time. Now there are some thousands of such cases. There is an aspect of these delinquent taxes which, so far as I have noticed, has not been touched on, and I think it is worth impressing on the minister. When a company is in the position of owing $100,000 or $200,000 of taxes, as some of these companies are, that company is sometimes placed at a very material disadvantage in regard to its future business operations. I had an instance brought to my attention very recently. A very large corporation, through business ventures, is to-day in such a depressed condition that, instead of hiring in the neighbourhood of two thousand men, as it did in the very recent past, it is only able to hire three hundred.

[Mr. Meighen.]

Mr. ROBB: That is not due to the sales tax.

Mr. MANION: No, but it is a case of delinquent taxes—I am not criticising the government in this case, I am simply illustrating the situation. The Minister of Finance recognized the case instantly.

Mr. ROBB: Oh, yes.

Mr. MANION: The fact is it is the business profits tax which the company is in arrears with, but at the same time it brings about exactly the same condition.

Mr. McMASTER: Does the hon. gentleman feel that the government should use clemency and consideration in such a case? His leader does not seem to think so.

Mr. MANION: I am not blaming the government. This company probably could have paid its taxes when it made its profits, but at the present time it cannot pay off those arrears, which are in the neighbourhood of $150,000. It is placed in a very difficult position.

Mr. ROBB: Does my hon. friend blame this government for not having collected that tax?

Mr. MANION: No. I say I am not criticising this government; I am offering this suggestion as a reason why we should—whether under this government or under some future government—avoid, as far as possible, allowing taxes to get in arrears.

Mr. ROBB: I agree with my hon. friend.

Mr. MANION: This company is in a difficult position. To-day it is employing only about 300 men. It is in need of money from the bank to carry on its operations, but the bank refuses to give the company money on the ground that the government's claim comes first. They say, "If you go into bankruptcy the government will claim its money, having a first charge upon your goods, upon your debts, and so on; so we cannot lend you a cent unless you can come to some arrangement with the government." I repeat that I do not think in this case the government is subject to any criticism, but I have it from the officers of the corporation that unless some arrangement can be arrived at it will have to close down. Well, it is too bad that at any time, whether under this or any future government, a corporation should be permitted to get away from paying its taxes at a time when it probably can pay them and then at a later day have those taxes hanging over their heads

and preventing the financing of their operations. I mention this case to emphasize the necessity for collecting our taxes as they become due. I hold no brief for this company; it is not even in my own constituency; it is a company which cannot by any stretch of the imagination be regarded as able to pay its taxes, according to its own statement. It seems to me that in a case like that a thorough investigation should be made by some capable person, say a chartered accountant, with a view to arriving at some form of settlement that would permit the company in question to deal with the banks and to carry on operations to the best of its ability.

Mr. McMASTER: We should wet-nurse them along, I suppose.

Mr. MANION: Perhaps we should wet-nurse them along. At any rate we should close the thing out in some way, get rid of it—take away from the corporation that debt which is hanging over its head.

Mr. MEIGHEN: Will the minister give us his explanation of the fact that some three thousand cases of companies that cannot pay their sales tax are being nursed, at a time when the country is as prosperous as described in the Speech from the Throne?

Mr. ROBB: The act that my hon. friend is complaining of, providing for the 6 per cent, came into force on the first of January. The total number of arrears, three months and under, according to the return brought down, was 707. The others are further back.

Mr. MEIGHEN: More than three months. That will make the question I put still harder to answer.

Mr. ROBB: Oh, with regard to the observations of my right hon. friend that we should collect our taxes when due—

Mr. MEIGHEN: That is not the question.

Mr. ROBB: I do not challenge that statement at all. I agree with my right hon. friend and with the hon. member for Fort William and Rainy River (Mr. Manion) that it is always good business to collect your taxes when they are due. I do not dispute that.

Mr. MEIGHEN: The minister seems to have missed my point. How does he account for having to carry along 3,170 cases of arrears of sales tax at a time when the country is as prosperous as described in the Speech from the Throne?

Sir HENRY DRAYTON: The minister knows the joke.

Mr. ROBB: My hon. friend behind (Mr. Putnam) suggests that I ask my right hon. friend if he believes in the Speech from the Throne.

Sir HENRY DRAYTON: Nobody could.

Mr. MEIGHEN: My answer right off is, no. I frankly said so at the time, and I did not vote for it.

Mr. McMASTER: One could gather that from my right hon. friend's remarks.

Sir HENRY DRAYTON: The sales tax is entirely different from taxes which of their nature are deferred until the end of an accounting period, when profits can be ascertained, a regular rate of interest applied and the excess arrived at after deductions and charges of all kinds have been made against it. If my hon. friend thinks there is any similarity between the two I shall be very much pleased to debate that question with him. I know the case referred to by my hon. friend (Mr. Manion). It is the case of a very good supporter of the minister, up at the head of the lakes, and he was treated just as he ought to have been treated. It was only after some considerable time that the amount of the assessment could be arrived at. He got the same treatment as anybody else, the same treatment as Riordon got. The situation was this: After the books had been gone through for the purpose of valuing the properties and other assets and arriving at deductions, much time had elapsed; conditions had changed. Many of these people—and there are not so many of them after all, considerably fewer than these figures indicate, as my hon. friend knows; it is a mere bagatelle—many of them, in response to the demand that the country should be put back on a peace productive basis as soon as possible, invested the whole of their surpluses in plants which would enable them to carry on on a peace basis. I ask my hon. friend if that is not right. He will find, if he takes the trouble to go into these things, that that is the precise position, and I can give him names—yes, I could give him names of his own supporters in this House who were treated just in that way and who had to pay just as soon as it was possible for them to do so. There we were dealing with what in effect was a capital levy. The money had all gone to capital account, and in some instances it was the taking of the major portion of the active assets. That was the real situation, and everybody was treated alike. But they had

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to pay just as soon as payments could be made; year by year we had millions paid on those arrears, and on the same basis my hon. friend to-day is getting millions of those arrears. Is there any dispute about that at all?

Mr. ROBB: None whatever.

Sir HENRY DRAYTON: This is an entirely different thing; it is something which ought to have to do with the current expenses of carrying on business. Surely my hon. friend at least does not object to giving what was very cheerfully given in connection with the other matters that have been referred to, namely, the total uncollected sales tax as of the last date in respect to which he can give the information. Surely that is something we should have.

Mr. ROBB: I will direct the attention of the department to my hon. friend's inquiry so that if possible the information he desires may be arrived at. I imagined that the return brought down was what he wanted.

Sir HENRY DRAYTON: When can we get that information?

Mr. ROBB: I am not the administrator of that department; I am not responsible for its officers, but I am sure they will not be unreasonable and that they will get it as early as possible.

Mr. McMASTER: The inquirers will not be unreasonable either, I am sure.

Sir HENRY DRAYTON: The hon. member for Brome will admit that we are never unreasonable. When could we have an opportunity of discussing it? There is not much use in giving the information unless we have that opportunity. You see, Mr. Chairman, ordinarily this information is supposed to be before the House when it is dealing with a business to which the information relates. My hon. friend has not got the information; he does not know when he can get it. How are we to be given an opportunity of discussing it?

Mr. ROBB: I should think that would be a reasonable matter for discussion when the estimates of the minister are up for discussion.

Sir HENRY DRAYTON: Then I want to ask my hon. friend as to whether we are having a new set of regulations in connection with the sales tax, or whether there will be an amendment of the many regulations already out, so that traders will be able to understand a little bit better how they can carry on? Take for example this regulation—and I am not going to trouble my hon. friend in going through the whole of them, because it would take too long:

[Sir Henry Drayton.]

Consolidated regulations covering consumption or sales tax on lumber.

This is of date January 24, 1924. It goes on:

Manufacturers of lumber and retail or wholesale lumber dealers shall obtain a sales tax license.

Such licensees shall make a monthly return, and account for the consumption or sales tax on their sales of lumber to non-licensees. The tax shall be computed on not less than fifty per cent of their selling peice to such purchasers.

I want to point out two things to my hon. friend there. In the first instance the sale is to a non-licensee. As it is to a non-licensee the follow-up method which we have on those which are licensed will not apply. The tax is to be computed on not less than fifty per cent of their selling price to such purchasers. What is the basis of reducing the sales tax, or giving a right to reduce a tales tax, by fifty per cent under the circumstances set out in this paragraph?

Mr. ROBB: That brings it to the basis of what is considered 5 per cent of the cost at the mill. May I say this to my hon. friend: As experience from time to time enables the administrators of the department to simplify the workings of the act I imagine they will make the regulations more simple. However, I will suggest to my hon. friend that also would be a fair question for consideration when the minister himself is here with his estimates.

Sir HENRY DRAYTON: I do not think my hon. friend's expert is right there, that the idea of reducing by fifty per cent is to make it equal 5 per cent on the mill's prices. Instead of it being on that basis there is a profit to the jobber of a hundred per cent because he is only to pay fifty per cent; he can reduce his tax to fifty per cent of his sales price. Can we get any more information on this matter now? And what does this proviso mean:—?

Provided, however, that sales of lumber by the manufacturer thereof to unlicensed firms, sales tax at the rate of 6 per cent shall be accounted for on the actual selling price to such unlicensed firms.

Can my hon. friend tell me what a trader could make out of that? For he will not have the Minister of Customs sitting next to him and telling him what to do. Here is my hon. friend—a man of business, of great experience, occupied with large things as well as small, a man with a thoroughly good business experience—and I am going to ask him what he makes of it; what does it mean? Is it intended to mystify business men and leave everything to the department

so that the latter can make any sort of a charge they like? I point out, Mr. Chairman, that my hon. friend ought not to have to ask any other minister as to what the English language means. Here we have a memorandum issued by the Department of Customs and Excise, and I do not think my hon. friend can give me an answer as to what it means. If he cannot do so, what is the position of the unfortunate public when trying to do business under these regulations?

Mr. ROBB: I shall direct the point to the attention of the Minister of Customs so that he will be prepared to give an answer to my hon. friend when he brings forward his estimates.

Sir HENRY DRAYTON: Will not my hon. friend go a little further? Will he not at least admit that this sales tax should be put upon such a basis that a first-class business man like himself will know what these regulations mean when he hears them read? Will be not at least go that far? My hon. friend takes the regulation in his hands and looks it over. But I have read it three times already. Perhaps he will be able to understand it by a more careful reading. If so I should like him to state what it means.

Mr. ROBB: I think we shall have to call in a lumber expert to interpret it.

Sir HENRY DRAYTON: Now, I wonder if the expert can tell us what the law is as to the sales tax on coverings. I have got two circulars here. The first one is dated February 1, 1924 and reads:

The consumption or sales tax is not to apply on materials to be used in, wrought into or attached to taxable goods sold by a licensed manufacturer to an unlicensed wholesaler and resold by the latter to another licensed manufacturer.

My hon. friend sees the limitation there.

Provided the goods are shipped or delivered direct by the first licensed manufacturer to the second licensed manufacturer, and that proof of such direct shipment or delivery, together with a certified copy of the licensed manufacturer's order, bearing his license number and certificate of use, are filed in the office of the first manufacturer.

That is a little regulation of February 1, 1924. We have another one of March 4, 1924, as follows:

Sales tax is not to apply on usual coverings containing materials imported by licensed manufacturers or licensed wholesalers, to be used in, wrought into or attached to articles to be manufactured or produced for sale, and which are articles subject to the consumption or sales tax.

The first query one would make at once would be whether the second regulation is to take the place of the first, or whether it is an addition to it. That would be a very natural query. If I recollect, my hon. friend in the present resolution exempts coverings and wrappings in connection with some of these things now made exempt, carrying out the general terms of the act. His expert can tell him whether that is so.

Mr. ROBB: I think our regulation exempts the coverings on goods that are free from sales tax.

Sir HENRY DRAYTON: In that case which of these regulations of the department has the expert in mind? How will the conditions be carried out in relation to the exemption? Will they come under the regulation of February 1, 1924, or that of March 4, 1924? Perhaps it is not fair to my hon. friend to proceed with this matter. There are a lot of others in the same position. I am not going into these matters to show, as was shown last year, that ministers who had charge of this legislation knew nothing whatever about it, but I am doing it because I believe that in the public interest the regulations in regard to taxable goods should be made as plain as they can be made, so that everybody who can read can understand them. This House ought to know what it is legislating about, and we do not know it to-day,—the hon. minister does not know it,—nobody knows it. The only man who is supposed to know it is not here. We saw the tangle we got into last year. My hon. friend is making a better job of it this year, but he will not make it very much better unless he goes right into the regulations and gets them into such shape that any business man in this country will know what he has to do to carry on business properly—and he does not know that to-day. That, I take it to be the first duty of this House.

Resolution agreed to.

Resolution No. 8, appearing as No. 4 in the amendment—Resolved that any enactment founded on the foregoing resolutions Nos. 1 and 3—appearing as No. 4 in the original resolution—is amended now to read—

Resolutions numbers 1 and 3 shall be deemed to have come into force on the 11th day of April, 1924, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day; and that any enactment founded on the foregoing resolutions numbers 2, 4, 5, 6 and 7, shall come into force on the 1st day of July, 1924.

Mr. MEIGHEN: When were the amendments read into this clause by the chairman inserted? The chairman, in reading the amendment, inserts certain words after, I think, the word "resolution" in the first line, and also certain words in the latter part of the resolution. Are they moved to-day?

Mr. ROBB: I think they were tabled on the 30th April.

Mr. MEIGHEN: Are these included in what were tabled on the 30th April?

Mr. ROBB: Yes.

Mr. MEIGHEN: Are the last two lines usual in a resolution of this sort? It seems to me it would open the door to fraud.

Mr. ROBB: This is prepared by the legal officers of the department.

Mr. MEIGHEN: Who are the legal officers of the Finance department.

Mr. ROBB: Mr. Viets is an officer..

Sir HENRY DRAYTON: This probably was prepared in the Customs department.

Mr. ROBB: And it has been approved by the law officers of the department.

Sir HENRY DRAYTON: It was done by the Customs department in the first instance, and I suppose Mr. Viets went over it.

Mr. ROBB: It has been submitted to the law officers of the department and approved by them, and also approved by the law officers of this House.

Sir HENRY DRAYTON: The only thing that strikes me in looking at it is that it would apply to goods previously imported for which no entry for consumption had been made up to that date. I do not like that very much.

Mr. ROBB: That is the ordinary form.

Sir HENRY DRAYTON: I do not think so. I think that everything that should have been cleared and was not cleared before the tabling of those resolutions ought to pay the old rate. Suppose a man waits for a month and neglects to pay his customs, ought he to get a premium on his neglect?

Mr. ROBB: You know there are goods carried in bond for more than a month. It is quite a custom of the trade to carry goods in bond.

Sir HENRY DRAYTON: If goods are put in bond in the ordinary course of business, that is one thing; but if you have your goods forwarded and get your notice to go down to the customs and pay up and neglect to do so, are you to be bonused for your neglect?

Mr. ROBB: Let me quote to my hon. friend the amendment of 1916:

This act shall be deemed to have come into force on the 16th day of February, 1916, and to apply to all goods mentioned in the preceding section imported or taken out of warehouse for consumption on and after that date, and to have also applied to goods previously imported for which no entry for consumption was made before that date.

[Mr. Meighen.]

Sir HENRY DRAYTON: You have precedent for it?

Mr. ROBB: Yes.

Resolutions reported, read the second time and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 142 to amend the Special War Revenue Act, 1915.

Motion agreed to and bill read the first time.

WAYS AND MEANS

INCOME WAR TAX ACT, 1917

The House in Committee of Ways and Means, Mr. Gordon in the Chair.

Resolved that it is expedient to amend the provisions of The Income War Tax Act, 1917, and amending acts and to provide:—

1. For increasing the normal tax exemption for each dependent child under the age of eighteen years from $300 to $500 in respect to income for the period 1923 and subsequent periods.

Mr. SPEAKMAN: In cases where the income tax which was due in April had already been paid on the basis of a $300 exemption, is there a refund, or to what date does this apply?

Mr. ROBB: I understand that the officers of the department have accepted some returns on the basis of $500 exemption, and I imagine that it is the intention to make remission.

Mr. CHURCH: This is a very proper exemption, but it does not go far enough. It is unfortunate that there should be two rival income taxes, Dominion and municipal at similar times collected in cities. For example, in Toronto bills were sent out for the municipal income tax on the 18th May, and you have to pay the whole tax in one instalment. Then there is a double-header by the Dominion, payable on 1st May, or in instalments. Both the province and the Dominion cannot be right as to the validity of this tax. The province claims the right to impose an amusement tax—a war tax—in the province; the city has an income tax; and the Dominion comes along and imposes an income tax under what it calls the Income War Tax Act, 1917, under "Militia and Defence", section 91 of the British North America Act. These income taxes by the Dominion, provincial and municipal authorities ought to be co-ordinated, because this is unfair and unjust to small wage-earners in the larger centres of population. No income tax at all should be imposed on those receiving an income under $5,000.

I am glad the minister has seen fit to grant some exemption under section 1, but in England to-day they have marked down the

income tax by fully 50 per cent, and the smaller wage-earners under $5,000 are being given the benefit of that. Under the Mellon bill in the United States, small wage-earners under a certain income of $5,000 have a total exemption. With the high cost of living in the big cities, the working classes, school teachers and other small wage-earners are asking that they be exempted from the provisions of this so-called federal Income War Tax Act, as they have enough municipal taxes to pay.

The war has been over for nearly six years, and when this income tax was first imposed, it was thought that it would last only for the period of the war but it seems a fixture. A man receiving a fixed income of five or six thousand dollars has to bear the big burden of debt in this country. He is taxed to death, His rent has not been diminished. His breakfast table, food, coal, and so on—prices are going up and almost nothing coming down. A man cannot even go to a moving picture show without having to pay a double header provincial amusement tax under what the province calls a "war tax". I claim that this provincial tax is ultra vires of the provincial legislature under the system of taxation imposed under the British North America Act under the heading of "Militia and Defence," which is exclusively assigned to the Dominion. The present Minister of Finance (Mr. Fielding), last session, when this matter was up, said, that he was going to look into the validity of this provincial amusement tax. The municipalities are asking the government to relieve them of this war income tax. The municipalities' methods of raising taxation are very limited, whereas this legislature has unlimited methods of taxation. The municipalities are finding it very hard to get along with the large number of Dominion and provincial burdens imposed upon them, and I think the income tax field might have been left as it was in pre-war days entirely as a tax for the municipalities, without having the provinces come along and encroach on this ground which the municipalities have had since confederation, and without having the Dominion too, come along and invade that field which should be left entirely to the municipal field. The municipalities have certain rights and municipal conventions throughout Canada. The hon. member for Brandon (Mr. Forke) used to be at the head of one of these associations of municipalities, namely that for his province. These organizations are protesting as to the validity, the necessity and the form of this double income tax. The municipalities of Canada paid a large part of the war debt. In the city from which I come $14,000,000 of purely Dominion burdens were assumed on account of the war, in insurance grants, to recruiting, Red Cross, Patriotic fund and in many other forms of war burdens which this legislature would otherwise have had to pay for. There should now be some relief for the municipalities, six years after the end of the war, from this intolerable burden. I represent an industrial city, a city in which the working classes are clamouring for the elimination of this unjust income tax. It is very doubtful whether, as a matter of policy, it should ever have been enacted. Surely, the department is now going to adopt the policy of the present Minister of Finance when last session he said that he was going to look into the method of taxation of the provinces, and see whether some of the burden imposed by them could not be eliminated in view of their receiving a federal subsidy to maintain provincial institutions.

I also wish to protest against the method of collecting this tax. Almost the same day and the same month are selected for the collection of this tax as are selected by the municipality, and surely there should be some simpler form of return and method of collecting the tax. A man would have to be a Philadelphia lawyer to figure out what his assessable income is with the exemptions and qualifications and the huge four-page form to be made in triplicate. He gets no proper notice of the tax; has to make up his own bill, and if wrong he is hailed to court and asked to pay a tax which, probably, he does not understand and for which he may be paying on a bill overcharged. However good a mathematician a man may be I am sure he must experience at least some difficulty, or at any rate annoyance, in making out the returns. Speaking for myself, I can frankly say that it is only at the cost of a considerable effort that I am able to get my own returns in in time. I have never been in default in this respect, but it is only by taking the greatest pains and at the expense of a good deal of time that I can get the thing done—and I used to be a fair mathematician. It is a complicated business making out returns for the municipality, the province and the Dominion, and I think that it would be well to have some simpler form on which a man could state in three or four lines just what his income was. At present it is necessary to fill out in triplicate a statement covering four pages and the average man who is willing to pay his tax objects strenuously to this lengthy form.

Before I conclude I want to urge the government during the coming recess to provide an exemption for all those who are in receipt of an income of less than $6,000. At the present time the men of small fixed income, who can least bear the burden, are taxed to death. The tax collector has no trouble in getting after these $6,600 people; they are more readily got at than war profiteers, the jobbers, or the profiteers of the present day. The city assessor, in the case of these other people, has his work cut out, but it is the small man who gets hit the hardest; in fact, the small men pays the bulk of the taxes, both municipal and federal. I should say that the city and the town people who are receiving modest incomes pay 95 per cent of these income taxes, and this form of taxation is unfair, unjust and inequitable. Futhermore, it does not apply uniformly to the various provinces of the Dominion, for certain classes of citizens do not pay anything. I am not moved by any desire to raise captious objections when I bring this matter to the attention of the committee; I have been asked by many public bodies, including ratepayers' associations and other organizations, to state the case. The tax collector, I emphasize, gets the small man at every turn; be gets him at the breakfast table, he gets him when he buys his coal; and in regard to rent, clothing and everything else the wage-earner and the man with the small income are made the scapegoat. The small man hardly comes into the house without discovering that the municipal assessor has increased his assessment some $300 or $400. I would suggest to the government that the time has come when it should abandon the municipal field of taxation altogether which it has encroached upon now for eight or nine years. The Dominion government should realize that the municipalities assumed burdens during the war and contributed to various patriotic charities such as the Red Cross and the Patriotic fund, besides doing their share in regard to the Victory loans; and having done that I think they are entitled to some generous reciprocal treatment on the part of the federal government, and the government might leave the income field to them as in the years prior to the war. I do not say for a moment that people should object to paying any taxes that are due in relation to the war, because every one wants to meet his share of the war obligations of this country, and gladly does so. But I do think that the Dominion government has invaded the municipal field too long and should now abandon it; I would say that they might do this after this year. I do not see why they could not find some other method of raising the money now obtained through taxation of the small income men; they should tax other people than the wage-earner and the man who gets less than $6,000. There are those on the higher scale of life who could better afford to pay taxation than these people. In the United States the people are refusing to tolerate a similar state of affairs any longer and the state legislatures have presented a petition to Washington, with the result that the Mellon bill is brought down to afford some relief in this income tax respect. This is one of the most unpopular forms of taxation to-day, because the bulk of this tax, which last year amounted to $72,000,000, is paid by the industrial classes of the cities and towns and mainly by the small wage-earners, already over taxed and imposed upon in double header and repeater forms of duplicate taxes. There are those who give in their income at, say, $10,000; but it is difficult for the tax collector to ascertain how much they really do get, because at the end of the year their earnings amount to a great deal more than this and they vote themselves $50,000 and put it in as a bonus and not an income; I repeat, in closing, that the government ought to abolish this form of income taxation or at least to exempt the man who gets less than $6,000, because this form of taxation is quite unpopular and at present it is not equitable and further the government should abandon the municipal field and leave as formerly the income tax form to the municipalities and check up the illegal amusement taxes of the provinces or deduct from their subsidy the over collections not their due, as the amusement tax is illegal.

[Mr. Church.]

Mr. PUTNAM: Whether my few remarks will be strictly relevant to the clause under discussion I do not know, but I presume there will be no objection to my brief statement at this stage. Under the present federal income tax law where a married man is living under conditions of such freedom from dependents as allows him an exemption of only $2,000 he is immediately penalized if his wife is taken away by death and his exemption is decreased to $1,000; and conversely if a married woman is enjoying an exemption of $2,000 she is similarly penalized if the husband dies. It has been represented to me in several quarters that therein this is probably an injustice to such widower or widow, and I wish to submit the matter respectfully to the hearing of the committee. In Ontario in connection with municipal income taxation there is no such law; that is to say, if the

householder enjoys an exemption of $2,000 that exemption stands independently of the visit of death to his or her marital partner; and even during the last session of the Ontario legislature two private bills were introduced, the purpose of one being to increase the exemption to $2,500 and the other to increase it to $3,000 in the case of all householders. I admit that in neither of these cases was the bill passed, but those circumstances are not unindicative of public opinion in that province in regard to this matter. The object of that phase of the Ontario law, or certainly the tendency thereof, is to make for the upbuilding and maintaining of the home. The Ontario law recognizes the householder, who is assessed as such, and as to the term employed in the Ontario Act: "Householder and assessed as such," I do not believe there is any substantial ambiguity. It also recognizes, or at least it is interpreted as recognizing, the head of the family, who gets an exemption of $2,000, whether he is a householder or not. It does occur to me that the keeping together of the home is an important factor in the success of our Canadian citizenship, the household or the home being peculiarly the unit of the Canadian nation. I submit to the consideration of the minister therefore the facts and considerations which I have so feebly advocated.

Sir HENRY DRAYTON: I go further than my hon. friend in connection with this subject which I am glad he has brought to the attention of the committee. Two or three years ago I had a section drafted to deal with this matter but I never got an opportunity of carrying my intentions into effect. It seems to me that there is an absolute anomaly here and I do not know whether any steps have been taken so far to remedy it. I brought it to the attention of the Minister of Finance (Mr. Fielding) on one occasion. We have a statute giving an exemption of $2,000 to the married man and that exemption is reduced at a time when that man suffers not only the most grievous loss that can come to a man, the death of his wife, but when of necessity he is subjected generally to largely increased expenses. At such a time, if he has no child old enough to take care of the household, he has to engage some one to take the place of the lost housekeeper, and it does appeal to me that something ought to be done to remedy a situation of this kind. I frankly tell my hon. friend that it was my intention to take steps in this direction. And what I have just said applies not only to the man who has lost his wife but also to the woman whose husband has died. The married woman of yesterday becomes the widow of to-day. She may have a little income, but the support and sustenance which she got from her husband are gone. Yet she has her children still to look after and her house still to keep up. I would think, Mr. Chairman, that the minister would like now to get up and say that he will see that this anomaly is removed and the exemption continued in such cases.

Mr. BROWN: Mr. Chairman, I wish to endorse the sentiments which have been expressed by the hon. member for West York (Sir Henry Drayton) and the hon. member for Colchester (Mr. Putnam). This matter has been in my mind for the last two years, and I have come across many cases in which the application of the present law has worked a real hardship. I do not think we need add anything to the statement placed before us by the hon. member for West York, and I am heartily behind his proposition.

Mr. ROSS (Kingston): Mr. Chairman, last year I spoke on this subject, and I should like to see something done this year. I believe it is a fair and reasonable demand.

Mr. ROBB: Let me first deal with the observations of my hon. friend from North Toronto (Mr. Church) as regards the duplication of federal and provincial taxation. Some time between now and next session we propose to have a conference with the representatives of the provinces to discuss the general question of taxation and try to arrive at a fair basis which will avoid so far as possible the present duplication of taxes. But under the British North America Act the federal government is supreme and has the right to impose whatever taxes in the judgment of parliament are deemed to be in the best interests of the country. By the same act the right of the provinces is limited to the levying of direct taxation. My hon. friend also thought we should have a uniform date for collection of taxes. We have at present a uniform date for the collection of federal taxes. I am sure my hon. friend will see the difficulty of arranging with the provinces and municipalities the fixing of a date that will not conflict with the date on which federal taxes are payable, but the provincial and municipal authorities could probably arrange this among themselves. As to the exemption of $2,000, which my hon. friend wants to raise to $5,000, it will be a matter for consideration as the years go by and we can determine what relief we are able to give to the taxpayers. I am bound to say that when every person is paying a little tax it leads to a better administration of national affairs.

Mr. McMASTER: When they pay direct taxes.

Mr. ROBB: When every person pays a little tax he takes some interest in the election of his representative to parliament. My hon. friend from Colchester (Mr. Putnam)—and I think he is supported by the hon. member for West York (Sir Henry Drayton) and the hon. member for Kingston (Mr. Ross)—referred to the exemption that would cease upon bereavement. If a bereaved husband, or a bereaved wife, carries on and has a family to maintain the exemption of $2,000 remains, and there is also the exemption under the act for each child under eighteen years of age. But we must be careful in applying the exemption as my hon. friends suggest, to householders, as it might lead to abuse. I will read the section as amended. It was assented to on June 28, 1922, and is as follows:

Paragraph (a) of subsection one of section four of the said act, as enacted by subsection one of section three of chapter fifty-five of the statutes of 1919, is repealed and the following substituted therefor:

(a) four per centum upon all income exceeding two thousand dollars but not exceeding six thousand dollars in the case of a married person, or any other person who has dependent upon him any of the following persons:

(i) A parent or grandparent;

(ii) A daughter or sister;

(iii) A son or brother under twenty-one years of age or incapable of self-support on account of mental or physical infirmity.

Sir HENRY DRAYTON: That does not cover it.

Mr. ROBB: That is fairly wide.

Sir HENRY DRAYTON: It is not wide enough to cover the case of the bereaved parent which my hon. friend started out by saying was covered. Supposing the widow has young children dependent upon her, the section applies; but supposing her children are no longer young, she is outside the section. Does my hon. friend say that she gets exemption then?

Mr. ROBB: If the children are under eighteen years of age.

Sir HENRY DRAYTON: Certainly; but supposing they are not under eighteen years of age, or supposing they are not invalids, or supposing she has no children but wants to keep up the home in which she and her husband lived: she is penalized by taxation when in those straitened circumstances more than she was when her husband was by her side to carry the burden.

Mr. ROBB: If we should adopt my hon. friend's suggestion, then we would be placing the person who was once married in a different position from a bachelor or a spinster who might want to continue his or her home.

Sir HENRY DRAYTON: I do not see why those persons should not be placed in that position.

Mr. PUTNAM: The chances are very strong that they will have become householders following marriage, with a much lesser chance of the bachelor, or spinster, being a householder.

Mr. HUMPHREY: I think the point brought out by the member for West York is a very good one, and I should like to associate myself with him in regard to it. I have had more complaints brought to my attention of widows or widowers left with dependents and maintaining a household than in regard to any other feature of the income tax regulation. I believe it is a fair and just request and should be taken under favourable consideration by the minister. Undoubtedly the concession would be very much appreciated, and there is a good deal of merit in the various cases referred to which the proposed exemption would cover.

Mr. ROBB: The act specifically provides that if they are left with dependent daughters or sisters the exemption remains at $2,000. If there is a son who is of age and able to work, why should he not pay the tax the same as any other man?

Mr. HUMPHREY: I had never understood that that applied quite so broadly. It applies to dependents under eighteen only?

Mr. ROBB: Dependents of any age, if they are females.

Mr. BROWN: Take the case of a farmer who has lost his wife and who wants to carry on the work of his farm and maintain his home. He will have to keep his daughters at home to keep house for him and perhaps a son to help carry on the work of the farm. Is that covered?

Mr. ROBB: Yes, if a daughter or a sister remains at home the exemption remains the same.

Mr. BROWN: Then I know cases where men in that position, through misunderstanding of the law, have been claiming exemption of only $1,000.

Mr. PUTNAM: His daughter would have to be solely dependent on that taxpayer in order that he get the $2,000 exemption.

Mr. BROWN: Naturally she is, when she stays at home to keep house. There are scores of cases of that kind.

Mr. PUTNAM: I know a case of a man who became a widower and whose aged mother lived with him. Ordinarily that would seem to equip him for the whole exemption, but another brother was contributing also toward her keep; he was conscientious enough to divulge that brother's fraction of the support and he got the exemption only for the thousand dollars.

Mr. SEXSMITH: If a father has a girl over eighteen who is attending college and whose expenses he is paying, is she still a dependent?

Mr. ROBB: Yes. And in the case referred to by my hon. friend (Mr. Putnam) the man had a right to get the exemption.

Mr. HUMPHREY: In the case where a man who through misunderstanding or lack of knowledge of the law has paid on an exemption of only $1,000 when he was entitled to an exemption of $2,000, would he have the privilege of rebate of such amounts as he had overpaid?

Mr. ROBB: Yes. It must be remembered, however, that this act came into force on the first of June, 1922. Perhaps considerable of the criticism with regard to the act is owing to the fact that hon. members have been dealing with cases that developed before this amendment was introduced.

Sir HENRY DRAYTON: It is hard to know what the law is, with the scores of amendments that have been enacted.

Mr. CHURCH: I wish to ask the minister two or three questions: Is there a uniform enforcement of this act throughout Canada? Has the department looked into the legality of the imposition of the provincial war tax for similar purposes? What is the cost of the collection of the taxes imposed under this act? I know the minister has one of the most capable deputies that can be found in the Civil Service, and no doubt he can supply this information. What has been done about the arrears? I imagine that there has not been much trouble with the small income tax man; it is the big income tax man who is the cause of trouble. What is the amount of the arrears? It cannot be legal for a province to collect taxes for war purposes and for this legislature to do the same thing. Then you have the municipalities doing the same thing, making a triple collection of money for the same purposes.

5 p.m.

Mr. ROBB: There is a uniform administration of the law through all Canada. The cost of collection is between 2 and 3 per cent—say 3 per cent last year.

Mr. BROWN: There is another criticism I want to make of the act as it stands. We have been trying to take away some revenue from the minister; now I propose to give him some.

Mr. ROBB: You are my friend.

Mr. BROWN: My proposal is that the incomes received by the husband and wife from whatever source or sources shall for taxation purposes be considered as joint income and shall be taxed as such.

Mr. MARLER: Not at all—no.

Mr. BROWN: Now I propose to tell you why. I expected opposition from that quarter, but I submit that the proposal is eminently fair. Let us take the situation of the farmer; it is the one I am best acquainted with. The farmer and his wife work together, and the wife works just as hard as the farmer does.

Mr. McMASTER: Harder.

Mr. MARLER: That is not the only kind of wife who works.

Mr. BROWN: We will come to the other kind later. The farmer's wife may have her butter, her eggs and dairy produce and very often she is allowed to take the proceeds and use them. But under the act as it stands, the income derived from the farm, whether the result of the husband's or of the wife's labour, is considered as joint income and only $2,000 exemption is granted upon it. I know that if the farmer's wife has an income from some other source it is considered separately and is not taxed unless it exceeds $2,000. But a man in any other walk of life may have a taxable income; his wife may have a large income, and both receive the exemption because they are married. Let me give an illustration that came to my notice and that will bring home to you the point I have in mind. This was placed before me, I may say, by the inspector of taxation in the city of Winnipeg. An unmarried man was a clerk in a certain establishment, getting $2,500 a year. He had an invalid mother; in order to care for her he had to keep his sister to look after her, and because of these dependents he got the exemptions provided for such cases. For himself, however, he could claim only an exemption of $1,000 because he was unmarried. Side by side with him was another clerk, get-

ting the same salary, a man with a wife but no children. His wife was working as a stenographer and getting $1,800 a year. She was exempt on the whole of her income, being entitled to an exemption of $2,000, so that jointly they were paying income tax only on $500. There is no reason why in a case of this kind the income should not be considered as joint income of $4,300. The taxation would then be on the same plane as that of the farmer and his wife, whose whole income is derived from the farm. I do not think it is necessary to say anything more to emphasize the fairness of the proposal I make. Why should a man and his wife who have separate sources of income be allowed to claim an exemption of $2,000 each simply because they are married? I am informed that under the British act there are no such exemptions. We are laying great emphasis on the unity of the family; it is something we cannot emphasize too strongly. This act will never be as it ought to be until the incomes of husband and wife are considered as one and are subject to only one exemption.

Mr. BRISTOL: Do I understand that the present law is that where the husband works in one capacity and the wife in another they do not each get the exemption of $2,000 simply because they are married?

Mr. ROBB: They get the benefit of the exemption.

An hon. MEMBER: The hon. member (Mr. Brown) wants to change it.

Mr. BROWN: I want to change it so that these two incomes shall be considered one and claim shall only be made for one exemption.

Mr. MARLER: Move an amendment and we will discuss it.

Mr. BROWN: I would move an amendment to that effect if it could be put in proper form.

Mr. MARLER: It will not be in order.

Mr. CHURCH: At the last session of parliament I pointed out what seemed to me the illegality of the provinces invading the field of war taxation which should be reserved exclusively to the Dominion. I now ask the Acting Minister of Finance if he will have this question referred to the Supreme Court so that the rights of the respective governments may be finally determined beyond all question. The provinces receive a subsidy from the Dominion for provincial purposes, and for the maintenance of provincial institutions, and that should satisfy them without their entering the field of Dominion taxation. During the past five or six years the provinces have been imposing and collecting war taxation, and in my opinion this is beyond their powers. I should therefore like the Dominion government to have the question settled as to whether, and to what extent, the provinces can impose and collect taxation for war purposes.

Then I should like to see a uniform enforcement of the income tax throughout Canada, and not have it confined to Toronto and a few other large centres. In the next place I should like to know what the amount of arrears of income tax is at the present time, and why it is that men of standing are allowed to be in arrears while if the small man does not pay up, action is promptly and vigorously taken against him. Why should the big man be allowed to pay income tax tardily while the small man is made to do so promptly? I should be much obliged if the Acting Minister of Finance would answer my questions on these points.

Mr. ROBB: Any province can have the question of its right to impose taxation referred to the Supreme Court. Up to the present we have received no request from any province for such a reference. I said a moment ago that we propose to have a conference some time before the next session and endeavour to arrive at a friendly understanding between the Dominion and the provinces as to sources of taxation.

Now in reply to my hon. friend from Lisgar (Mr. Brown), I recognize there is room for some improvement in the income tax regulations, and it is proposed between now and the next session to look into the question very closely. I cannot accept the suggestion as to the enlargement of the exemption. It would involve the drafting of an entirely new resolution and at this stage would not be in order. I should like the hon. gentleman who has brought the point up not to press the matter. I would again say that when the act was amended in 1922 fairly wide provision was made for meeting different cases, and in my opinion it would be better not to press for further amendments at this stage.

Mr. CHURCH: What is being done to bring about co-ordination between the Dominion and the provinces in the matter of taxation? I understood conferences had been held with the provinces to discuss the existing method of taxation and endeavour to arrive at some scheme of co-ordination. May I ask what results have come from these meetings, and whether any legislation will

be brought down to overcome the present overlapping which is a subject of great complaint throughout Canada.

Mr. ROBB: My hon. friend has misunderstood me. No conferences have so far been held on this question, but it is proposed to hold conferences between now and the next session of parliament.

Mr. McMASTER: I should like to say a word in support of the views expressed by the hon. member for Lisgar (Mr. Brown). It does seem to me that the incomes of husband and wife in most normal cases constitute one income, and that it is unfair to divide that income into two whether it is derived from husband or wife and to grant exemptions in regard to both. It is particularly unfair in the province of Quebec because we have two systems there. One is the system of community of property—where the husband is supposed to own everything, where all the income belongs to him—and the system of separation as to property where the wife can enjoy her separate income, as she does in the English speaking provinces. It means this: A man may have an income of $10,000 and if he is married and has community of property with his wife he gets the exemption only on an income of $2,000. There would be an exemption of $2,000 on an income of say, $10,000. That would leave $8,000 to be taxed. But let us suppose that the man has married under the form of separation as to property.

Mr. MARLER: In the case of community of property, the two incomes being joined, the income tax might be very much greater because the super tax and surtax might be very material. Thus community of property might increase the income tax.

Mr. McMASTER: Exactly.

Mr. MARLER: And the separation of property on the other hand might mean a decreased income tax.

Mr. McMASTER: That is the point I am trying to make.

Mr. MARLER: That point should be made quite clear.

Mr. McMASTER: I will endeavour to make it still clearer. Under the regime of community as to property the husband is regarded as the sole recipient of income. His income, let us say it is $10,000, will be subject to one exemption of about $2,000, and the taxable portion will be $8,000. Let us suppose another man is married under the regime of separation as to property and he has the right, under his marriage contract, to donate certain property to his wife even during the community. Under these circumstances he gives part of his savings to his wife and the family income is divided in the proportion, let us say, of $6,000 to the man and $4,000 to the woman.

Mr. MARLER: And under separation as to property?

Mr. McMASTER: Under separation as to property the exemption of $2,000 would apply on the man's $6,000, and the exemption of $2,000 would apply on the woman's $4,000.

Mr. MARLER: My hon. friend will forgive me for interrupting him again. Under the income tax law a man cannot donate part of his income to his wife and claim exemption on that.

Mr. McMASTER: No, of course not but I am sure my hon. and learned friend in the course of his practice has come across many marriage contracts where, during the course of the marriage, the husband has the right to pay off the donation he makes to his wife at the time of the marriage. I am supposing a case where the husband does that and in which the wife acquires—as a gift from her husband or she may acquire it otherwise as a gift from a stranger—a property which brings a substantial annual income. Now, let us say that substantial annual income of $4,000 a year goes to the wife while the husband's income is $6,000 a year. In that case the total family income is $10,000 but it receives the benefit of two exemptions—one of $2,000 in respect of the man and another of $2,000 in respect of the woman.

An hon. MEMBER: It escapes the surtax also.

Mr. McMASTER: It escapes the surtax also. The net result is that there are two citizens one of whom has been married under one regime and is paying substantially more taxation than another man with the same income who married under another regime. It seems to me that is an unfair way of applying income taxation. I remember discussing this matter with the late Sir Donald McMaster, who was a member of the British House, and who told me that in Great Britain —and there they have separation as to property—they regarded the income of the wife and the income of the husband as constituting for taxation purposes one income—subject to the exemptions that would accrue, but one income. Therefore it seems to me the min-

ister might take this into careful consideration, because I think most of us dislike paying taxes. Income taxes coming directly upon us have a certain pressure that some other taxes may not have; we have to pay, but one thing that will make us endure the income tax more readily than we otherwise would is the fact that it is levied in as fair a way as possible.

Sir HENRY DRAYTON: There is something in what my hon. friend says, and yet he does violence to a great many principles which should not be overlooked. I thought we had got to a point where we thoroughly recognized—and I am not speaking of Quebec, but of English Ontario—the rights of the married woman as the femme sole.

Mr. McMASTER: Oh, yes.

Sir HENRY DRAYTON: We have extended to the woman, as far as I am concerned, every single right the man has. My hon. friend says you are to take it all from her, or take it all from the man, as the case may be. It would depend which has the larger income. I do not know as much about the law of Quebec as my hon. friend, but in Ontario we have marriage settlements and trust deeds which make absolutely inviolable the income of the wife. The husband cannot have anything to do with it at all. It is not his.

Mr. McMASTER: I do not propose that it should be regarded as his.

Sir HENRY DRAYTON: Her right is absolute, and he has the absolute right of disposition of his income. I do not know how it would work out if you had a joint liability extending, when honest returns are made, to considerable figures, where under our act, you have that absolute right of disposition exercised by both the parties, and where the wife is supposed to be liable for the default of the husband, and the husband liable for default of the wife. That would follow from my hon. friend's statement, and is absolutely at variance with every canon of law in the country.

Mr. McMASTER: The law of the larger part of Great Britain is in principle similar to the law of Ontario, and that is the method.

Sir HENRY DRAYTON: I do not think the hon. member is right. Of course, it is the method, so far as the exemption is concerned. There is no necessity for two exemptions.

Mr. McMASTER: That is my main point.

[Mr. McMaster.]

Sir HENRY DRAYTON: There are not two exemptions; there is only one exemption.

Mr. McMASTER: Then that would mean that their incomes would be regarded as a joint income.

Sir HENRY DRAYTON: Not by any manner of means. My hon. friend takes too much for granted altogether. They both have rights, and the best way for husband and wife to get along is to regard the rights of each other. I do not think the English law goes any further on the question of exemption. That is not a matter of the larger amount; it is more a question of the super tax. Will the minister tell me whether I am wrong in connection with the United States law? My recollection is that it is the same as ours.

Mr. ROBB: In the United States there are two incomes allowed, but only one exemption; but keep in mind that the one exemption in the United States is greater than the two exemptions in Canada.

Sir HENRY DRAYTON: I know that, but the two incomes are taxed. The woman's income in the vast majority of cases is an income from some trust estate; it is an investment which she has. As a general rule we do not find both husband and wife working. One thing I think we have all agreed on is that there is a limitation put upon the taxing power of this country. I do not know anyone who has looked into the subject fairly and honestly who has not come to that conclusion, and that limit to the taxing power is very, very apparent. To a very great extent, much more than we ought to be, we are compelled to pattern our legislation upon what our neighbours to the south do. The hon. member for Brome (Mr. McMaster) nods his head—I am going to ask him, when he gives that assent, how is it practicable for us, in connection with the matter of income arising from investments almost entirely, to have a materially higher rate in connection with income than we have at present in this country. Of all things that can be moved income is one of the easiest. When you have your money coming in it is very easy to move; it does not take an awful lot to move it away and avoid the tax. This is going on all the time. If we were in a country or continent by ourselves, we would not be affected by that consideration. Australia can do things that we cannot do. I think every thoughtful man recognizes that one of the things that is going to worry the government a good deal is as to how they can hold what they

have got now and keep the money here. The income tax is going down now. My hon. friends may suggest offhand that we should raise the tax here; but I am quite convinced that not one of them, if he were to sit down and consider the situation, would do it.

Mr. McMASTER: I would not like to create any false impression in the minds of the committee. I did not suggest the raising of the income tax. I did suggest that I would consider a very fair adjustment of an income tax.

Mr. MEIGHEN: My hon. friend's colleague from Victoria and Carleton (Mr. Caldwell) very strongly urged doubling up the tax.

Mr. McMASTER: Not having any followers, I am unable to reply to that remark.

Sir HENRY DRAYTON: My hon. friend will see that if his suggestion were carried to its logical conclusion, the one income would enormously increase—

Mr. McMASTER: It would in that case..

Sir HENRY DRAYTON: —would enormously increase the tax on the individual, and that is the way to get people out of the country. Just consider what is going on now. When I first came into this House we had an income tax collection of $19,000,000. It went up from that amount till we got $81,000,000 during the two and a half or three years that I had to do with it. I am not saying that my hon. friends opposite are not just as anxious as I was to make the best collection possible. I know I was very anxious, spent a great deal of time over it and had a lot of prosecutions; but the fact remains that, although we are told by hon. members that times are infinitely better under their beneficent rule than under our rule, the income tax collections are melting like the snow. In connection with these collections we have to consider not only the income tax collection but the excess business profits tax. The income tax collections are far greater to-day than they would be if the business profits tax had not been abolished, unless we availed ourselves of the provision that whichever was higher should be the basis of the tax. Why, Mr. Chairman, in connection with company taxation to-day, I venture the statement that 70 per cent, yes 75 per cent, of the companies paying under the income tax act to-day are paying far more than they would under the excess business profits tax. There is no question about it. Hon. members can see this by looking up the returns which companies make to their shareholders. It can easily be seen. Under the excess profits tax provision there was no tax until 10 per cent had been earned. To-day it does not matter what dividend a company is paying, it has to pay a gross ten per cent income tax to the government. That is much heavier than could possibly be got under the old excess business profits tax if applied to-day. My hon. friend has his expert here, and if I am making any mistake, I want to be put right at once.

Mr. ROBB: No mistake.

Sir HENRY DRAYTON: There is no doubt about it. It is perfectly true. We are getting far more under the income tax to-day as we tax companies that gross ten per cent, than we could under the excess business profits tax. To-day, all the income taxes of companies are coming in under that heading. Before, they were represented in connection with the millions collected under the excess business profits tax, so that the real drop in the income of the regular individual taxpayer is infinitely greater than the drop shown between the figures of $81,000,000 and what we got last year, because when we got $81,000,000, we were at the same time getting $21,000,000 in excess business profits taxes from companies which now have to pay the 10 per cent income tax. The thing is dwindling.

The hon. member for Carleton, N.B. (Mr. Caldwell) says that we should not have any sales tax and that we should get more from income tax. He wants to reduce exemptions and to make everybody pay. Again, there we can throw away money. There is no money whatever to the country in collecting small income taxes. A reasonable exemption is not the generous thing that hon. members might think it to be. The fact is that it does not pay to go to the cost of collecting the very small run of taxation; the state is out of pocket. There is a zone where that taxation can usefully be applied, and I do not see how anyone who believes in the integrity of the government can think that that zone can be very much increased at the present time. They have the system that produced the $81,000,000 and the other amount, making a total of $101,000,000 for both business profits and income taxes, and the collections are now cut down almost 50 per cent. The government needs the money; the country needs the money. This is a form of taxation that this government, at least on the face of things, adopted, and this was a good form of taxation, a form of taxation that hon. gentlemen to my left think a great

deal of, a form of taxation which we adopted. Nevertheless, no real business suggestion has been made as to any way by which, first, either the methods of collection in force can be improved, or, second, the basis can be increased without loss to the taxpayer. It is all very well outside on the hustings to say that somebody else ought to pay our taxes; that the man who has an income ought to pay; that he should carry it all; but the trouble is to get him to pay it, and to remove Canada from her present geographical position.

Mr. McMASTER: That cannot be done.

Sir HENRY DRAYTON: No, and until it can be done, and so long as the American nation has a specific income tax, just so long, as regards all wealth which is still transferable, the result of investment and not of labour, must our rate of taxation follow very closely theirs.

Mr. COOTE: I would like to take this opportunity of drawing to the attention of the minister the fact that the government are, I think, resorting to usury in charging delinquent income tax payers 10 per cent interest on arrears. I take it for granted that most of these people who are in arrears cannot very well help themselves, and the government should make a change in the regulation which they are at present enforcing. The case which has been brought to my attention is that of a retailer who has been endeavouring for the last three years, or at least the last two years, to get his income tax paid up. He was assessed for income tax because his annual statement showed that he had goods on hand that really made him liable for income tax. But business was not very good for the next two years, and at the end of the two years he finds himself with a great proportion of those goods on the shelf, the value of them somewhat depreciated. In the meantime he has been paying interest on the money invested in his goods, and fire insurance on the goods, and he has not the cash to pay his income tax. He is being pressed for payment, of course, quite properly by the department occasionally, and he is being charged interest at the rate of 10 per cent. I do not think it is proper for the government to charge these people that rate of interest. Will the minister not see that that is changed; that these people should not be asked to pay 10 per cent interest.

Mr. MICHAUD: Is a fine added to the 10 per cent when a man is delayed in paying his income tax?

[Sir Henry Drayton.]

Mr. ROBB: No. The rule is that they pay 6 per cent on unpaid assessments, that is assessments that are paid at the time the return is put in. When the assessment is levied and proved by the department, the account finally closed, that is the time to settle. After that, they are charged 10 per cent. That is not an uncommon practice. That is a rule in nearly every municipality in connection with the imposition of municipal taxes. If you pay your taxes before a certain date, you pay so much. If you pass that date, you pay so much more. My hon. friend knows that. It is a common method in different municipalities in the assessment of their taxes. Our inspectors from western Canada tell us that unless we had that rate, people there would prefer paying off mortgages and other accounts to paying the government assessment of taxes. That is the reason for this imposition generally throughout Canada. No person is compelled to pay that 10 per cent if he pays up his taxes at once when they are levied.

Mr. MEIGHEN: Will the minister tell us about somebody in the West who could pay off a mortgage with his income tax?

Mr. ROBB: No, but they use the money for that purpose. That is the experience of the department.

As regards the observations of the hon member for Brome (Mr. McMaster) as to the transfer of propertly from a husband to a wife, or a wife to a husband, to evade taxation, there is no such animal. Under the regulations:

> A person who, after the 1st August, 1917, has reduced his income by the transfer or assignment of any real or personal, movable or immovable, property to such person, wife or husband as the case may be, or to any other member of the family, such person shall nevertheless be liable to the tax as if such transfer or assignment had not been made, unless the minister is satisfied that such transfer or assignment was not made for the purpose of evading the tax.

Mr. COOTE: I should like to come back again to the case of those retailers that I was citing to the committee. These men have never had the money in their hands to pay the income tax, that is their difficulty. In the case of incorporated companies I am informed that the department has ruled on certain occasions that if they pay stock dividends to their shareholders no income tax will be levied thereon. These retailers are in exactly the same position; they never had the money, that is they never had the cash, their income being really in the shape of goods. And they have lost that income through depreciation and carrying charges on the goods. They would be willing to pay the tax if they had the money, but they have not got it and

they are charged 10 per cent interest. I do not think that it is reasonable to ask these men to pay that rate of interest when they are simply not in a position to do so.

Mr. ROBB: The corporations are exactly in the same position as the retail merchants. As regards stock dividends, they are regarded as dividends and as such are taxed. That is the law.

Mr. COOTE: I believe that in a statement prepared by Dr. McGibbon, one of the commissioners on the Royal Grain Commission, it was shown that in the year 1921 some of the elevator companies in western Canada paid no cash dividends but gave stock dividends which were not liable to income tax.

Mr. ROBB: I am not responsible for any statement made by Dr. McGibbon. The act says that "dividends" shall include stock dividends.

Mr. COOTE: Will the minister say that the department has not on different occasions ruled that stock dividends were not liable to taxation?

Mr. ROBB: No; it has always been ruled that they were liable.

Mr. McMASTER: As income?

Mr. ROBB: Yes.

Mr. MILLAR: What is the law at present regarding the making out of forms? There are a great many who know that their incomes are not nearly sufficient to be taxable and who very often are put to a great deal of trouble trying to find out what ought to be done.

Mr. ROBB: The man who knows he is not liable to taxation is not required to make out the forms unless he is called upon to do so.

Mr. MILLAR: What constitutes such a call?

Mr. ROBB: A demand made by the department. But a man generally knows when he is liable and if he fails to make out his return he is liable to a penalty; in other words, he is running a risk.

Mr. BAXTER: There is a matter I want to bring to the attention of the minister. I do not know that this is a good day for getting changes made, but I want nevertheless to submit the facts as they came before me a short time ago. I admit that the circumstances were somewhat unusual. A gentleman wrote me stating that he had been assessed for income tax and he asked me whether I thought the assessment was correct. I wrote him that the decision of the department was absolutely in accordance with the law, but he felt that there was a hardship. He had a son who was over eighteen years of age but who was absolutely dependent upon him. The father was trying to give him the best education he could, keeping him at a university, and he felt, and I think not unnaturally, that as he was actually dipping into the little bit of capital that he had accumulated in order to keep his boy at the university, he might be remitted the amount of the tax or given the allowance made in respect of dependent children under eighteen. Of course, the department could not do this; but I was impressed with the case as presented to me by this gentleman and I am passing it on to the minister in the hope that he may consider the advisability of adding some qualifying exemption so that in cases of real necessity where children are still dependent upon a parent, although they may be over eighteen years of age,—particularly in a case of this kind where a son is being educated at some institution of learning—some small remission may be granted.

Mr. ROBB: Cases similar to this are brought to our attention every week and we will take them all into consideration during the year.

Mr. BAXTER: But what do you do with them? What becomes of the consideration? Is it to find expression in the way in which the consideration will be shown which has been promised the hon. member for Brome? Or is consideration effective when it is negotiated in the corridor and not across the floor?

Mr. STEWART (Leeds): I want to call the attention of the minister to what I think is a manifest case of injustice. Where a father has one or more children who because of physical or mental incapacity are totally unable to support themselves it would seem that there should be a reasonable exemption from taxation even though these children may be over eighteen years of age, or even over, twenty-one. The law as it stands to-day, and as I understand it, does not provide for any allowance or deduction from the assessment of a parent on account of the support of such children, and I strongly urge that some such provision be made.

Mr. ROBB: My hon. friend means that the parent of such children should be given the ordinary exemption allowed for children under eighteen years of age.

Mr. STEWART (Leeds): Yes, or some special exemption.

Mr. ROBB: These are the cases I had in mind when I told my hon. friend (Mr. Baxter) that representations were made to us every week. However, when we have the acts consolidated, as we hope to have them, all these matters will be considered.

Mr. BAXTER: But the act does not give any power in this case.

Mr. ROBB: We propose making certain amendments.

Mr. STEWART (Leeds): Representations have been made in the particular case I speak of but the objection is raised immediately that the act does not permit of anything being done.

Mr. ROBB: Not now.

Mr. SEXSMITH: If a son is supporting a dependent father or mother, a parent who is entirely dependent upon him, does it make any difference, whether the son is married or single, as to whether or not he shall receive the exemption?

Mr. ROBB: No; if the parent is entirely dependent upon him the son is entitled to the exemption.

Sir HENRY DRAYTON: I want to ask the minister two questions. In the first place, what will be the loss of revenue as a result of this reduction? Further, I wrote the minister some time ago in connection with the question raised by the hon. member for Leeds, and I had in mind a pathetic case of a young woman whose father is not at all well to do. This woman is under thirty, or about thirty, and has been an inmate of hospitals for six or seven years and will doubtless be in the same condition more or less until she dies. I wrote to the minister regarding the matter and he replied to me by letter saying that he would consider it. I suppose that by reason of the amount of work he has to do he has forgotten all about it. Perhaps the matter was sent to the inspector of the department; I do not know. However, the commissioner might probably be able to tell my hon. friend what conclusion has been arrived at in regard to such cases as this.

Mr. ROBB: No, I recall the letter of my hon. friend. It is on file along with others for consideration. Of course, it is pretty hard to deal with the matter in a general statute. Power might be given to the minister or to the Treasury Board, but that would be a very dangerous proceeding, as I am sure my hon. friend will admit.

[Mr. Robb.]

Sir HENRY DRAYTON: I agree; I would not give any power to the minister or to the board at all. But I see no reason why a very simple amendment could not be drafted which would cover the case of a permanent invalid child whom, irrespective of age, the parents have to look after at infinitely greater cost than in other circumstances.

Mr. ROBB: We will keep it under consideration. I forgot to answer the other question asked by my hon. friend. I find that the estimated loss of revenue is $2,000,000.

Sir HENRY DRAYTON: What! in connection with this exemption? Did my hon. friend have any idea there would be such a loss?

Mr. ROBB: I am bound to say I did not.

Sir HENRY DRAYTON: On the one hand we have a one minute talk on income taxation and the necessity of everybody paying; on the other hand we have dropping income tax receipts. Now we have a further exemption brought in which will cost the country $2,000,000 a year. Some hon. gentlemen, Mr. Chairman, when they are outside the House—and when they are in the House, unless there is some direct question of voting—are in favour of income taxation and making it just as certain as it can be made. I wonder what is the real opinion of those hon. gentlemen, in view of their general statements, when an amendment is proposed to grant exemptions which will run up to $2,000,000 a year? That is almost 4 per cent of the total income tax collected last year.

Mr. ROBB: A little over 3 per cent.

Sir HENRY DRAYTON: It is nearer 4 per cent than 3 per cent. $55,000,000 was collected last year.

Mr. ROBB: Yes; 3½ per cent.

Mr. CHAIRMAN (Mr. Marcil, Bonaventure): Shall the resolution carry?

Sir HENRY DRAYTON: I think, Mr. Chairman, that my hon. friend should tell us just what he thinks of this. He says the reduction is a surprise to him. Does he like to hand out $2,000,000—nearly 4 per cent of our income tax returns?

Mr. ROBB: I am bound to say frankly, Mr. Chairman, that I did not think the loss

of revenue would run up to $2,000,000. But, as intimated, the policy of the government is to reduce taxation, and we thought that a fair start in respect to income tax was to give some concession to those who have families, and we will have to stand by it.

Mr. STEWART (Leeds): Did I understand the minister to say that he would this session introduce an amendment to provide for the allowance in the case I discussed with him?

Mr. ROBB: No, I said that I had the hon. member's representations on file for consideration during the year.

Mr. STEWART (Leeds): Is there any serious difficulty in bringing in a simple amendment to cover cases of this kind, leaving them to be dealt with by the minister or by the collector? What is the necessity for leaving such a simple amendment over for consideration for a year? The injustice of it seems so manifest that it should not require a year's consideration to deal with it. I should think it could be dealt with in a few minutes, and would not interfere with any of the other provisions of the act. I think I could draft a simple amendment that would not cause any inconvenience.

Mr. ROBB: I must point out to my hon. friend that many of the forms, indeed I hope most of them for this year, have already been printed, so it is impracticable to adopt his suggestion so far as the returns which have been made for the year which we now have under consideration are concerned. May I point out further, that this act has been in operation since 1917, so it is not very much longer to wait until next year for the consideration of these proposals. We have already made a considerable reduction this year, and I hope my hon. friend will be satisfied.

Mr. STEWART (Leeds): I do not think any reduction is more worthy or just than the one I have spoken of.

Mr. ROBB: I do not dispute that.

Mr. STEWART (Leeds): No alteration of forms will be necessary to meet the case. A special form could be prepared for such applications. Each would be a special application submitting such evidence as might be available.

Mr. ROBB: I will have to ask my hon. friend to wait another year.

Resolution agreed to.

Resolution No. 2: For making taxable, profits or income by non-resident persons selling goods in Canada through employees or agents, or receiving rentals or royalties from sources within Canada.

Mr. ROBB: This, Mr. Chairman, is to provide that Canada shall receive the advantage of the tax on profits where business profits are made in Canada. As the law appears to be at present, a non-Canadian or a foreign business house selling goods in Canada through an agent or employee is in many cases not taxable owing to the actual contract being completed abroad. The object of the proposed amendment is to overcome the effect of this technicality and to ensure that the Canadian treasury shall receive income tax upon profits made from Canadian business even although the formality of closing the deal takes place abroad.

Sir HENRY DRAYTON: As I understand, at present the only person you can tax is the local representative.

Mr. ROBB: You can only tax him on his salary or commission.

Sir HENRY DRAYTON: He is taxable on his personal salary. But if there is nobody else here to tax, so far as the general business that he is carrying on is concerned, why is he not held now?

Mr. ROBB: According to the opinion of the Department of Justice, we cannot reach them now, but under this amendment we shall be able to reach them.

Sir HENRY DRAYTON: How can you reach a man who is outside your jurisdiction? I want you to get something that you can enforce.

Mr. ROBB: If the goods are sold in the country we shall be able to discover where they are sold and where the payments should be made.

Sir HENRY DRAYTON: You know that now.

Mr. ROBB: The Justice department rules that we have no right to tax them, and we are providing that we shall have that right.

Sir HENRY DRAYTON: Has the minister a copy of the ruling of the Justice department? It is all news to me; I never heard of that trouble before. I ask the minister to read the letter from the Department of Justice.

Mr. ROBB: I will have it here at eight o'clock.

Mr. MARLER: The non-residents intended to be taxed under this section are merely persons selling goods in Canada? There is no intention under this section to attempt to tax persons by way of domicile instead of by residence, excepting the class to which I refer?

Mr. ROBB: No; my hon. friend is right.

Mr. MARLER: Just that one class of persons; that is quite clear.

Mr. ROBB: Yes.

Sir HENRY DRAYTON: Is this modeled on the American law? Because the Americans have a law which they seem to be able to enforce.

Mr. ROBB: It is modeled on both the British and the United States laws.

Sir HENRY DRAYTON: But they differ. My recollection is that the British law is one thing and the American another. For instance, I have never seen people held in England as they are in the United States when they go down to the shipping offices with demands from tax collectors which must be met before they can get out of the country, nor have I known of any persons going into England on a trip being held up for these purposes before they could get out.

Mr. ROBB: The Commissioner of Taxation tells me that both in the United States and in Great Britain a transaction such as mentioned here is taxable. We are bringing our law to conform to theirs.

Sir HENRY DRAYTON: Then if you are really doing it why not do the whole thing? Why should it not cover all classes of profits of foreigners? I think the minister will find that there is a difference between the British and the American law and the methods of enforcement, and what I want to find out is which you are going to follow. The American one seems to be pretty efficient. I think the minister had better call it six o'clock and find out—it is six o'clock anyway.

At six o'clock the committee took recess.

[Mr. Robb.]

After Recess

The committee resumed at eight o'clock.

2. For making taxable, profits or income of non-resident persons selling goods in Canada through employees or agents, or receiving rentals or royalties from sources within Canada.

Resolution agreed to.

3. Authority to determine profits realized by:—
(a) Corporations in Canada purchasing from associated corporations in excess of fair prices.

Sir HENRY DRAYTON: I suppose this is really something to help the revenue. I should think it was, and if so it is very proper that it should be done. Will the legislation go a little bit further though and prevent the further incorporation of a holding company to defeat the revenue? That is something to which I have drawn the attention of the Minister of Finance.

Resolution agreed to.

(b) Canadian corporations selling to parent or subsidiary companies at less than fair prices.

Sir HENRY DRAYTON: That is a corollary to the other paragraph it seems to me.

Resolution agreed to.

(c) Non-resident persons producing goods in Canada and exporting them without sale prior to export.

Resolution agreed to.

4. (a) That income derived from a business conducted by a husband and wife be taxed as income of one of them only.

Sir HENRY DRAYTON: How will this work out in detail? Whose income would it be?

Mr. ROBB: The income of the owner of the business.

Sir HENRY DRAYTON: Well, the business is conducted by both?

Mr. ROBB: This is income derived from a business conducted by husband and wife, to be taxed on the income of one of them only.

Sir HENRY DRAYTON: This really is the case of a partnership is it not?

Mr. ROBB: This resolution is declaratory of what has been the practice of the department ever since the act came into operation. The authority for the practice was never very clearly stated in the act. It may be said that the provisions are absolutely essential in order to prevent husband and wife committing a fraud on the treasury, as there is nothing to prevent a husband putting his business in the name of his wife and reducing the profit she would derive therefrom by having paid to

himself a salary, thus dividing the profit from the business into two parts whereas he is in reality the owner of the business. Unfortunately it is not uncommon to find cases where a husband with judgments issued against him carries on business in the name of his wife to avoid payment of such judgments. This practice cannot be allowed to operate to the detriment of the revenue.

Resolution agreed to.

(b) For authority to disallow as an expense, income credited or paid to husband as an employee of his wife, or vice versa.

Mr. BOYS: It is the simplest thing in the world to get around the provision the way it is worded now. Supposing a wife had a few thousand dollars, she would be able to lend it to her husband, and he would conduct a business on her money and his own. So if you want to avoid the situation of husband and wife carrying on a business together, and having but one exemption of $2,000 you will have to go a little further than the proposed legislation. Let me take the case of a business that really belongs to the two of them, and they want to avoid the situation as it arises here. The wife would simply lend some money to her husband, we will say $30,000. It would be his business, she would get her income upon the $30,000, and would get her exemption. Therefore, if you really want to avoid this difficulty you will have to go further than you are going here.

Mr. ROBB: She would invest her money anyway.

Mr. BOYS: I am aware of that but would it not be a very simple process to do what I have described? What I understand you are trying to do here is to meet the case of a husband and wife who are carrying on a business and are registered as co-partners. They should only get the one exemption. Well, all they have to do to get around this provision is to take the course I have suggested, unless we provide against it.

Mr. ROBB: The administrators of the department think this will meet the difficulty that is presented.

Mr. BOYS: They may think so. Perhaps the minister will consider the suggestion I made. The method of evasion indicated should be guarded against.

Mr. ROBB: The wife would be entitled to the interest on that investment anyway.

Mr. BOYS: I fully agree with that, but at the same time it must be perfectly manifest that it could be done in that way. It is merely a method to get around the act, and if you are going to pass legislation which they can circumvent you might as well not have legislation at all.

Resolution agreed to.

5. (a) For the disallowance of the annual value of property used in the business except rental actually paid therefor.

Mr. ROBB: The object of this resolution is to make clear that a taxpayer in business who owns his business premises shall not be allowed as a deduction the annual value of the premises. On the other hand, it is desired to allow rent actually paid to an outside party as an expenditure.

Sir HENRY DRAYTON: Is that quite fair?

Mr. NEILL: Would this not operate to prevent a man writing off a fair value of depreciation on buildings?

Mr. ROBB: No, he is entitled to reasonable depreciation.

Mr. NEILL: This would not prevent it.

Mr. ROBB: No.

Sir HENRY DRAYTON: I think the minister is right in that connection. He would be entitled, of course, to depreciation. But suppose that you have any difference of interest in the business and in the realty, this question would not come up at all. Suppose you have a major partner in the concern also owning real estate and content to charge nothing, this would not be operative.

Mr. ROBB: No.

Sir HENRY DRAYTON: I take it that it is only operative in the case where you have an absolute community ownership of business and property?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: If you have a common ownership of business and property, again there might be a distinction. If the property as such did not form part of the assets of the business, why should the rental not be paid? If the property forms part of the assets of the business then, of course, the rental should not be paid.

Mr. ROBB: This is only to clear the situation for us, and to provide protection against a situation that might develop. Similar situations developed in Great Britain.

Sir HENRY DRAYTON: This is following the British act, is it?

Mr. ROBB: Yes.

Resolution agreed to.

5. (b) That net profits be taxed without reduction by allowances therefrom for sinking funds or other similar reserves.

Mr. MARLER: Will the minister explain that?

Mr. NEILL: Would this permit the laying aside of a fund, for instance, to take care of bad debts, where a business does not write off the bad debts every year, those debts actually becoming bad, and where they lay aside a certain fixed percentage for a bad debts fund? It seems to me that should not be forgotten under this section. The word "reserves" there might apply to a reserve made for taking care of bad debts.

Mr. ROBB: No, this is put in to provide for the case of bonds, where it provides that there must be a sinking fund each year. It would not apply to the case as cited.

Sir HENRY DRAYTON: If the object of the resolution is to make it clear that this is simply to provide for the replacement of capital invested in a business which operates a sinking fund—a sinking fund after all, is the payment of so much on account of capital invested in a given corporation—I see no objection to it.

Mr. ROBB: That is clearly what it is.

Sir HENRY DRAYTON: I suppose the act will make it clear.

Mr. ROBB: Yes.

Resolution agreed to.

6. For certain modifications of the present law pertaining to the income tax lien and to render certain that the lien shall not take priority over securities validly taken prior to the time at which the lien attaches.

Mr. GOOD: I wish to bring to the attention of the House certain matters relating to the administration of the business profits war tax, if I am in order. I wish to refer in the first place to three despatches which appeared in the Toronto Globe in the month of February. In the issue of the 20th of February a despatch appeared entitled:

Royal commission may probe collection of income taxes.

The first paragraph refers to the possible appointment of a commission to investigate some features of the methods by which the business profits and income taxes, especially in the case of large concerns, have been collected. The article proceeds as follows:

[Sir Henry Drayton.]

If and when such an inquiry is instituted it is believed that some interesting information will be disclosed to the taxpayers of this Dominion. It will be recalled that one of the sensations of the 1921 general election campaign was the revelation of the fact that the Meighen government had accepted a note from the Riordon Company in part payment of its business profits tax.

And the article goes on to refer to some other items of a similar character.

In the issue of 22nd February another despatch appears, which opens as follows:

Some astonishing facts showing how the treasury of Canada failed to receive revenue intended for it, it is stated, will be unearthed if and when a thorough investigation is instituted by the Dominion government into the conditions attending the collection of income and business profits taxes, especially during the year 1921, which was a general election year.

It is alleged, for instance, that cheques totalling about $1,700,000, and representing the income and business profits taxes of three well-known concerns in Ontario, were received by the Department of Finance, of which Sir Henry Drayton was the then minister in March, 1921, but that they were not deposited until December 6 of that year. It is alleged that the syncheronizing of the election date—

Sir HENRY DRAYTON: Will you give the name or is the letter anonymous?

Mr. GOOD: This is a despatch which appeared in the Toronto Globe.

Sir HENRY DRAYTON: That would be worse than an anonymous letter.

Mr. GOOD: I am simply referring to this to serve as an introduction to some investigations I made, to which I shall refer later.

Sir HENRY DRAYTON: Will the ministre kindly give us the names?

Mr. ROBB: My hon. friend sat in the minister's chair at one time, and he knows that under the act we are not allowed to give the names.

Sir HENRY DRAYTON: I am quite content with the answer of the minister. I was charged by these very papers with a breach of duty because I did not do it.

Mr. GOOD: The despatch says:

It is alleged that the synchronizing of the election date with the date of the deposit of the cheques has a significance that warrants inquiry.

And so on. I do not require to read all of it. In the Globe of the 25th February another despatch appeared which reads as follows:

A searching inquiry into the methods of income and business profits tax collection in the years from 1918 to 1921 inclusive, would show, it is asserted, in informed circles, that the treasury of the Dominion was deprived of a sum which it is conservatively estimated would occupy seven arithmetical digits.

Then it goes on to refer to a number of cases without quoting names, but quoting figures. I refer to these three despatches

which came to the attention of the members of this House just prior to the opening of the present session, and I do so by way of introduction to what I desire to submit to the committee now. Nor will I apologize for detailing to the committee at some length certain investigations of mine which began in the year 1922. Some time, I think, in April, 1922, during the first session of the present parliament, I received some private information concerning the administration of the Business Profits War Tax Act, 1916, with subsequent amendments. Upon the basis of the information thus secured, I drafted the following questions for the order paper, which I shall now read to the committee:

1. What is the total number of returns made by tax payers under the business profits war tax, from the date when this act was made effective until the present time?
2. How many such returns have been made each year during this period?
3. How many tax payers have made returns but against whom no assessment of tax has yet been made?
4. How many returns in each year have not yet been assessed?
5. How many have made returns, been assessed, but have not yet paid their taxes?
6. How much interest, if any, has been lost by the non-assessment of the taxes on the returns furnished?
7. How many returns, if any, will it be impossible to collect owing to the failure or liquidation of firms or corporations?
8. Have there been any cases of incorporated companies in which a further allowance for capital than that provided by the act (namely the value of the capital stock, unimpaired reserve, rest or accumulated profits) was made and the capital for the purpose of this act allowed to be increased?
9. If so, on what principle and under what authority?
10. In cases of profits derived from mines, how much, if any, has been allowed to be deducted from the profits for the exhaustion of mines?
11. In cases of profits derived from mines, have there been any cases in which, in addition to the allowance made for exhaustion of mines, there has been at the same time added as a reserve, an allowance for the value of the mine?
12. If so, how many cases, what was the total amount so added and what difference has this made in the taxes assessed?
13. Have any similar allowances been made for the exhaustion and for the value of pulp or timber lands?
14. If so, under what authority?
15. Have any other methods of accommodation to tax payers been adopted other than acceptance of notes in payments for assessments levied? If so, what methods?

There was a very considerable delay in the answering of my question. I have forgotten the exact date when it was placed on the order paper—I could look it up—but I recall rising in the House on one or two occasions and asking the Minister of Finance (Mr. Fielding) when the answers to these questions would be brought down. Finally, after some time, I received a telephone communication from Mr. Breadner in charge of the department asking me to call and see him. I did so,—I think, on the 2nd May, 1922,—in company with the hon. member for North Wellington (Mr. Pritchard). We had a long conversation about the questions. Mr. Breadner made a number of explanations and apologies, and finally he virtually asked me to withdraw the questions. I told him that I would give the matter consideration, and I wrote him as follows on the 3rd May, 1922:

Dear Sir:

I have given very considerable thought to the matters which we discussed the other day, and have decided that it is in the public interest that the questions should stand as they are.

The next event in this long story was the answer to my questions on May 11, and I want to read to the committee the answer which I got from the Minister of Finance:

The Minister of Finance is advised that the supplying of all the information asked for would require quite a long time and a large expenditure for clerical work, which he thinks the honourable member would not desire to have incurred. The minister suggests that if it would be convenient to the honourable member he might call on the Commissioner of Taxation, Mr. R. W. Breadner, at the Finance department, and discuss the matter with him, with a view to reducing the scope of the inquiry into such limits as might enable the department to supply such information as the honourable member deems most important.

You can imagine my feelings when I got that answer to the question after what had occurred. I then went to see the Minister of Finance (Mr. Fielding) personally. I told him of my previous interview with Mr. Breadner, of which he had no knowledge. He was evidently surprised and, I think, somewhat annoyed. He promised, however, to see Mr. Breadner and to report to me. Nothing was done. I got no reply, and on the 2nd June when I spoke on the budget, I made reference to the specific case which had been drawn to my attention, giving it in brief. It occurred to me that if I thus pointedly called the attention of the government to what seemed to be a violation of the law and a very serious loss of revenue—

THE ROYAL ASSENT

SUSPENSION OF SITTING

A message was delivered by Colonel Ernest J. Chambers, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the Deputy of His Excellency the Governor General, desires the immediate attendance of this Honourable House in the Chamber of the Honourable the Senate.

Accordingly, the House went up to the Senate.

And having returned.

Mr. SPEAKER informed the House that the Deputy of His Excellency the Governor. General had been pleased to give in His Majesty's name the royal assent to the following bills:

An act to amend The Patent Act (French version).
An act to amend The Fruit Act (French version).
An act to amend the Penitentiaries Act.
An act to amend The Northern Pacific Halibut Fishery Protection Act.
An act to amend the Judges Act.
An act to change the name of "The Travellers Life Assurance Company of Canada" to "Montreal Life Insurance Company".
An act respecting The Canada Southern Railway Company.
An Act to confirm an agreement between The Ottawa Electric Railway Company and The City of Ottawa.
An act respecting the Detroit River Tunnel Company.
An act to incorporate The Roman Catholic Episcopal Corporation of Prince Rupert.
An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1925.

WAYS AND MEANS

INCOME WAR TAX ACT, 1917

The House resumed in committee of Ways and Means.

6. For certain modifications of the present law pertaining to the income tax lien and to render certain that the lien shall not take priority over securities validly taken prior to the time at which the lien attaches.

Mr. GOOD: I was remarking a few minutes ago that I drew the attention of the House to the specific case that had been submitted to me privately when I spoke on the budget on June 2, 1922, but that my doing so had not elicited any response from the Minister of Finance or from the government. At the end of the session, therefore, on June 29, 1922, I wrote the following letter to the right hon. Minister of Finance (Mr. Fielding):

You may recall a conversation which we had some weeks ago in regard to the answer made to certain questions which I had on the order paper. You stated, I think on that occasion, that you would see Mr. Breadner and let me know the result of your interview with him. I did not hear anything from you and, subsequently, in my speech on the budget, gave detailed particulars in regard to one corporation which had apparently escaped the proper taxation. I thought that perhaps the specific figures which I gave in that case might lead to some reply on the part of the branch of the Finance department concerned; however, since the question has not been replied to, and the specific case ignored, I am taking this opportunity of calling your attention again to what seems to me a matter of very considerable importance.

I proceeded at some length in the letter to outline the situation and in conclusion I said:

I hope that you will look into this matter at your earliest convenience, as I feel sure, from what information has reached me, that some investigation and some real clean-up is highly desirable.

I am sending a copy of this letter to the Premier, Mr. Mackenzie King.

[Mr. Good.]

I sent a copy of the letter to the Prime Minister.

I did not hear from the Minister of Finance in reply until January 22, 1923, on which date he wrote me as follows:

Referring to your letter of the 29th June, 1922, concerning a certain assessment under The Business Profits War Tax Act, in view of your expressed dissatisfaction with the decision reached by Mr. R. W. Breadner, Commissioner of Taxation, I deemed it expedient to have an independent inquiry made. For the purpose, I had the matter placed in the hands of Mr. George Edwards, of the firm of Edwards, Morgan and Company, chartered accountants, whose services had already been engaged for other departmental work. I now send you a copy of Mr. Edwards' report. You will notice that it is dated November 24, 1922. I should explain, however, that it only came before me since my return from Europe a few days ago.

Enclosed with the letter was the report from Mr. Edwards which I have in my hand. In this report Mr. Edwards deals in detail with the specific case, without mentioning the name of the company concerned. I shall read one or two extracts from the report.

Comparing the figures, I note that the share capital is correctly stated at $250,000 but the reserves amount to $5,731,350.20 or exactly $5,000,000 more than reported in Hansard. The gross profits are correctly stated at $1,571,626.17, but after deducting income tax, inventory adjustments and depletion allowances, the balance or net profit remaining is $1,086,573.23, an amount which is less by $337,191.08 than reported in Hansard. The actual assessment is correctly stated at $214,312.36. From the foregoing it will be evident that the suggestion of an under assessment is based upon information which is incomplete and in part incorrect. The capital employed is $5,000,000 greater, and the profits in this particular year were some $337,000 less. Upon the statements of fact presented by the departmental files, the amount assessed has been correctly computed.

He goes on to say that he personally visited the office of the company, and further on the report states:

It will be noted, therefore, that no occasion has arisen for determining the constantly accumulating value of the capital assets of the company, until required to do so by the provisions of The Business Profits War Tax Act. No books, other than the statutory books, and a cash book had been found necessary and therefore apparently no others had been kept.

The report, which continues at considerable length, is an endorsation of the assessment made by the department. When I received it I submitted it to my original informant who was a gentleman in the city well acquainted with the administration of the Business Profits War Tax Act; and after discussing it with me he gave me a memorandum which I should like to present to the House.

Sir HENRY DRAYTON: Will the hon. gentleman have any objection to saying who wrote the memorandum?

Mr. GOOD: I am not at liberty to mention the name at the moment, Mr. Chairman.

Sir HENRY DRAYTON: What does the Chairman rule as to the reading of an anonymous memorandum?

The CHAIRMAN: The hon. member may read from a memorandum without giving the author's name. The rule applies only to a minister who reads from a public document; it requires him to read the whole document and to disclose the author. The rule does not apply to private members.

Mr. GOOD: If there is any objection to my reading the memorandum, Mr. Chairman, I will simply give the substance of it.

Sir HENRY DRAYTON: I have no objection, only I should like to know who is the author.

Mr. GOOD: I do not think its authorship makes very much difference. It is the argument contained in it which I should like to submit to the House.

Some hon. MEMBERS: Read it.

Mr. GOOD: This is the memorandum:

The report of Mr. Edwards, chartered accountant, on this matter, shows that the difference between my information and his is that he puts in the reserves $5,000,000 more than I do. There is no mention in the report what this reserve of $5,000,000 consists of. I would judge, however, from the latter part of his report that the department and Mr. Edwards have determined or have fixed the value of the mine of the company at $5,000,000 and class it as a reserve.

It is quite evident that this is merely an accountant's method of avoiding the business profits war tax. I would be very glad, if you thought it advisable, to discuss the matter with Mr. Edwards, as he may be able to convince me that there is some provision in the business profits war tax that allows a company to add $5,000,000 for the value of its mine, but I must confess that a somewhat careful examination of the act and the amendments does not show me any provision that can be so construed.

The business profits war tax, section 3, provides, there shall be levied and paid to His Majesty a tax of 25 per cent of the amount by which the profit earned in any business exceeded in the case of a business owned by an incorporated company the rate of 7 per cent per annum upon the capital employed in such business. The 25 per cent was amended subsequently. Then the word "profits" is defined in section 6 as the net profits, with a provision that the minister when determining the profits derived shall make an allowance for the exhaustion of the mines. "Capital" is defined by section 7 as being, "The amount paid up on its capital stock."

Then the definition of "capital stock" is given, and there is some further explanation and quotations from the act.

The memorandum proceeds:

Subsection 4 then provides that reserves may be included in the capital. The words are "the actual unimpaired reserve, rest or accumulated profits of an incorporated company shall be included as part of its capital." These words have no application to the value of what Mr. Edwards calls "the capital assets". Reserves are savings set aside for various purposes and not distributed in dividends to the shareholders. Capital assets are the assets for which the capital stock stands.

That is all that is material to the point I am making. Then I have before me the two statements, the original submitted to me on which I based some of my questions, and the amended statement which was endorsed by Mr. Edwards. The main distinction between the two statements is that in the one case there is $5,000,000 allowed for the value of the mine, and in the other case there is not. The point which hon. members should grasp is that by the allowance of $5,000,000 for the value of the mine the very large exemption of 7 per cent could be claimed, which would allow this particular concern to pay about $200,000 instead of about a million dollars which they were liable for under the other construction. I do not need to go into the statements in detail. I have them here if any hon. member wants to look over them.

Mr. RYCKMAN: What is the point?

Mr. GOOD: The point will be apparent very soon, Mr. Chairman, if the hon. gentleman cannot see it now.

Mr. RYCKMAN: We have been waiting for it a long time.

Mr. GOOD: On Feb. 8 of last year I wrote to Mr. Fielding. The substance of my letter was that I was not satisfied with the report of Mr. Edwards and desired to discuss the matter with him in the expectation that possibly he would be able to clear up some of the mysteries that seemed to surround this case. I also asked for permission to look into the particular file. Mr. Fielding wrote me on February 9 as follows:

I beg to acknowledge receipt of your letter of 8th instant in relation to the income tax matter concerning which we have had some correspondence.

Mr. Edwards has been in Ottawa for several days, but has returned to Toronto. I will communicate with him and ask him when he is again in Ottawa to call and see you.

In reply, I wrote to Mr. Fielding calling his attention to the fact that he had not said anything about my getting access to the file in question. Writing to me on February 20 he told me that Mr. Edwards was in town that day and would call and see me, but that the files were not accessible to the public and that therefore I would not be at liberty to examine this particular file.

Mr. Edwards called to see me shortly afterwards. I had a long discussion with him and we went into the case in detail. I discovered that he justified the assessment on different grounds from those upon which he had justi-

fied it in his memorandum. This was his summing up of the condition of this particular concern:

$250,000—original investment 45 years ago.
$431,000—stock of merchandise on hand 1918.
$2,000,000—buildings, equipment, etc.
$3,300,000—value of mine.

Now, Mr. Chairman, I cannot see any justification in the act for the allowance of $3,300,000 for the value of the mine. You will observe that in the former communication $5,000,000 was allowed as the value. On discussing the matter with Mr. Edwards he divided the property into the plant and the mine, and he said the value of the plant, which to some extent might be counted as a reserve, was in his opinion about $2,000,000, and the value of the mine he put in as $3,300,000. I inquired as to the justification for this, and his argument was, roughly, that what seemed to be a bona fide offer for the property had been made some years ago of about $6,000,000, and that if any attempt were made to place the valuation too low the company could easily go through a form of sale to establish a higher valuation for the property, and he could not see how the higher assessment could have been enforced under the act. Thus he confirmed his original opinion as to the assessment, although he based it on somewhat different grounds. I may say that the discussion I had with him was very satisfactory from the point of view of getting information, and I left the case in that position towards the end of last session.

Now, Mr. Chairman, I do not wish to take up the time of the committee much longer with regard to this matter, but I would call attention again to the charges made in the three Globe articles, which I think are sufficiently serious to demand on the part of this House a thorough investigation by the government into the administration of this department. I have no interest in this matter from a party point of view. Possibly the Globe has; if the ex-Minister of Finance thinks that the Globe is trying to make party capital he is entitled to that opinion and there may be something in it; I do not care a rap for that. But my own investigation has suggested to me that in connection with the administration of these acts—whether or not too much latitude has been allowed I cannot say—there is very much that we should know, very much that we do not know, and I am going to ask that a thorough investigation be made into this whole matter in order to prove or disprove the charges made in the three articles in the Globe and to throw light upon the administration of these acts. I am moreover not satisfied with the explanations which I finally got from Mr. Edwards through the department in the particular case cited. It was one case out of possibly a great many cases. I say I am not satisfied; but at the same time I do not wish to make any charges as to the violation of the law, though it would seem to me that the law has been violated. I say I would like a thorough investigation to determine whether there has been any violation of the law and to expose the violation if there has been any; if not, then to establish that justice has been done to all parties. If the allegations made in the Globe are correct, or anywhere near correct, the country has lost a tremendous amount of revenue running to about $800,000 in the particular case I have mentioned. I ask the Minister of Finance and I ask the government to institute a thorough investigation into the administration of this department.

Mr. ROBB: The question under consideration is the income tax, and under that head my hon. friend has brought up the question of the administration of the business profits tax and the income tax. My hon. friend was not a member of this House when that legislation was put through. I am not sure whether had he been a member of the House he would have taken the attitude that most hon. members took at that time, namely that secrecy was the essence of the act. It was pointed out by many hon. members from all parts of Canada when the act was first introduced that one of the results of its operation would be that every man's business would be known to his competitors and that unfair dealing would follow. A pledge was given by the then Finance Minister—and it was put in the act—that there was to be secrecy as to the returns filed with the department regarding the business and the revenues of people throughout the country. Until recently, so far as I know, that, generally speaking, has been fairly well observed, but it is apparent that in some ways certain information coming into the department is leaking out, with a consequent disturbing effect in the country. Though I have been Acting Minister of Finance for some months I have never taken advantage—and under the act the minister is a member of the taxation commission—of that information in order to dig into any man's business.

In the first place my hon. friend brings up the question as it affects a mining corporation, I think it was, and he referred to the Minister of Finance (Mr. Fielding) in that connection. Mr. Fielding, acting upon information given to him by the hon. member

for Brant, employed a chartered accountant, one who is recognized in all parts of Canada as at the head of his profession. That chartered accountant went very carefully into the matter, visited the mine and submitted a report to the minister. Associated with Mr. Edwards was Mr. Hutchison, of Riddell, Steed and Hutchison of Montreal, so that we have the statement of two reputable chartered accountants who, on instructions of the Minister of Finance, went carefully into the reports as filed with the department. My hon. friend has read part of the report to the minister in that connection; I think I might as well put it all on Hansard so that hon. members of the House and the people of the country will have it before them. It is dated November 24, 1922 and is as follows:

The Honourable,
The Minister of Finance,
Ottawa, Ontario.

Sir,—I have the honour to acknowledge your instructions to investigate the circumstances respecting an assessment made under the provisions of the Business Profits War Tax Act 1916, to which reference was made by Mr. Good, M.P., in the House of Commons, and reported in Hansard No. 55, 2nd June 1922, as follows:

"A certain company in a certain year had a capital stock, according to this statement, as follows: $250,000; reserves, $731,350.20, making a total capital employed of $981,350.20. The gross profit of that company, according to the statement submitted, was, I am told, $1,571,626.17. Deducting from that the income tax—I will not read the figures; I have them here—the decrease in the inventory and the depletion, I find there is left a net profit of $1,423,764.31. According to the act, I am informed that the assessment levied on that company in that particular year should have been $1,111,983.99, made up as follows: 7 per cent of the capital employed, exempt from taxation; 8 per cent, one-quarter taken by the government; 5 per cent, of capital employed, one-half taken by the government and of the balance of profits, which was considerably over $1,000,000, six-sevenths should have come into the federal treasury. The total assessment which, according to this statement, ought to have been levied on that particular company, was considerably over $1,000,000. What was the actual assessment by the department?—$214,312.36. In connection with this one company for one year, if these figures are correct, and if there is no good justification for the action which the department has taken, there is an apparent loss to the country of $897,671.63."

That was the statement placed on Hansard by the hon. member for Brant, referred to by Mr. Edwards in his report to the minister on the date which I have given. Then follows his report:

I have been supplied by the Department of Taxation, at your request, with the files relating to a mining company, an examination of which identifies this company with the one referred to by the member. Comparing the figures, I note that the share capital is correctly stated at $250,000, but the reserves amount to $5,731,350.20 or exactly $5,000,000 more than reported in Hansard.

The gross profits are correctly stated at $1,571,626.17 but, after deducting income tax, inventory adjustments and depletion allowances, the balance or net profit remaining is $1,086,573.23, an amount which is less by $337,191.08 than reported in Hansard. The actual assessment is correctly stated at $214,312.36. From the foregoing it will be evident that the suggestion of an under assessment is based upon information which is incomplete and in part incorrect. The capital employed is $5,000,000 greater, and the profits in this particular year were some $337,000 less. Upon the statements of fact presented by the departmental files, the amount assessed has been correctly computed.

I have personally visited the office of this company, which is located at the mines, where also all the operations are carried on. I have been afforded every facility for forming an independent opinion upon the questions involved. The auditors of the company, a firm of the highest repute, have given to me their certified statements and reports upon the company's position.

The company was incorporated in 1877, and has therefore operated for 45 years. During that time there has been no change of share ownership, the present shareholders being either the original proprietors or their estates, and their respective interests are likewise unchanged. During this entire period the policy has been maintained of distributing periodically to the shareholders, the cash balances remaining on hand after making all necessary expenditures, including capital charges for development, plant and other facilities. It will be noted, therefore, that no occasion has arisen for determining the constantly accumulating value of the capital assets of the company, until required to do so by the provisions of the Business Profits War Tax Act. No books, other than the statutory books, and a cash book have been found necessary and therefore apparently no others had been kept.

It is evident from the statements I have obtained from the officers of the company, the auditors, and the officers of the Department of Taxation, that a sincere effort was made to arrive at a fair and just decision as to the value which should be placed upon the company's physical assets for taxation purposes in accordance with the conditions prescribed by the act. The prescription applicable to this case is contained in subsection 4 of section 7, which reads as follows:

(7) (4) For the purposes of this act, the actual unimpaired reserve, rest or accumulated profits held at the commencement of an accounting period by an incorporated company, shall be included as part of its capital as long as it is held and used by the company as capital, and dividends paid during an accounting period shall be considered as a reduction of unimpaired reserve, rest or accumulated profits.

Then Mr. Edwards continues:

I have taken the statements separately of the persons who took part in the inquiry and these statements are in substantial agreement. A competent departmental officer was deputed to visit the company's office and make a report. Similar reports were procured respecting other mining companies producing like commodities, and comparative data was thus obtained. The representatives of these companies were then invited to Ottawa in turn to confer with a view to reaching a reasonable basis for determining capital. I have asked for and have been given access to the files of the department dealing with the cases of a number of these companies. For the most part they had changed hands one or more times within a comparatively few years, and it was possible therefore to test fairly well the true commercial value of the classes of physical assets which they had in common. There was no other possible method of determining the extent of the company's reserves.

I am quite convinced from the evidence I have examined, and from an inspection of the physical assets of

this company, and with the advantage of my previous knowledge of undertakings of this general description, that the capital and the profits of this company have been fairly determined, and the assessment made was a just and reasonable one.

Yours very truly,

GEORGE EDWARDS,
Chartered Accountant.

That report was endorsed by Mr. Hutchinson, of Riddell, Stead & Hutchison. Now, what more could the Finance Minister have done? He sent a chartered accountant to look carefully into the valuation of the company's property, and to conduct a careful review of the returns made by that company. The chartered accountant did so and reported that in his judgment the report had been fair and the assessment made according to the act. My hon. friend (Mr. Good) finds some fault with what was done. The Minister of Finance wishing to satisfy the hon. member authorized the chartered accountant to go to him, learn all that he had discovered, and go into the matter carefully and thoroughly with him. But my hon. friend, not satisfied with that, desired to see the files. Well, hon. gentlemen all know the Minister of Finance as well as I do and unless it was absolutely necessary he would not have allowed—

Mr. GOOD: May I correct the minister? When I made the request to examine the files I did not know they were considered confidential. I had no objection, and did not register any objection, whatever, to being denied access to the files when the minister told me they were regarded as confidential; nor did I express any dissatisfaction with the minister for undertaking the investigation—instructing Mr. Edwards to make the investigation. I think he did the only thing he could do under the circumstances, and I have no objection to that at all.

Mr. ROBB: I am very glad to have that statement from my hon. friend. I was going on to say that I gathered—it may be incorrectly—that he was rather finding fault because he had not been given access to the files.

Mr. GOOD: No.

Mr. ROBB: I was going on to say that to grant access to the files would not only have been a breach of faith, it would have been a breach of trust. It is true my hon. friend makes no charges. He does, however, make what might be termed insinuations that the department were not fairly administering the act. We have before us the report of a chartered accountant engaged by the Minister of Finance to go carefully into the matter, and that chartered accountant certified to the minister that the assessment was properly made in that case.

Now we come to the items that were published in the Toronto Globe. No names were mentioned in the Globe but I think I may as well put these statements on record. This is an extract from the Globe of 25th February, 1924:

1. A thorough probe it is stated would reveal that one prominent Toronto concern was assessed in July, 1921, to be taxed by over $60,000, but that the notice of assessment was held until late in December of that year, no interest being collected or charged for the lapsed time.

2. Another Toronto company it is alleged had its assessment reduced by $18,000 principally through extra salary allowances. This assessment was made in April, 1921, and the company paid on the instalment plan $2,000 monthly. It's notice of assessment was sent out in August, 1922, no interest being charged or collected as the notice was withheld until the instalments were completed.

Now as to case No. 1 there is sufficient in the article to determine just about who they were. I do not know who they were but I have the statement from the record that the capital was $907,190.85. The profits as reported in returns and as set forth in the auditor's statement signed by Edwards, Morgan and Company, chartered accountants of Toronto, were $154,375.93. The tax collected on the above figures would amount to $27,292.46, but the tax levied by the department was not $27,292.46 but $61,926.68. So that the House will observe that they were assessed for more than their chartered accountants claimed they should be; and there is no suggestion in this House that the statements of the chartered accountants or of the company are not reliable. The comparison is merely for the purpose of showing that the Dominion exchequer has benefited to the extent of approximately $57,000 in two years from what the taxpayer himself considered his liability.

In regard to No. 2, in this concern the capital was, $373,269.07 and the profits, after deducting depreciation and reasonable salaries were $79,326.13. The assessment based on those figures would be $20,301.34, but the department levied a tax of $36,051.35. So that, in addition, on account of salary adjustments, further assessments to the extent of $976.80 were levied against the individuals under the income war tax. I mention this to show that the reports, in so far as the companies are concerned, were not justified. Every person knows that the tax collector in a community, whether it be a municipal tax collector or a school municipal collector, or any tax collector, is not the most popular man in the country; and the Commissioner of Taxation

for Canada possibly has not earned popularity among many people who are compelled to pay taxes. But I desire to say that this government and the Commissioner of Taxation have nothing to hide, and if any gentleman has the courage to make any charges and to submit them to the Public Accounts committee, they will be thoroughly examined and gone into, and he will have permission to bring his witnesses before that committee.

Sir HENRY DRAYTON: The hon. member for Brant (Mr. Good) has perhaps fallen into a very natural error. He does not know, for example, the Globe as well as some of us know it; and he is in the unfortunate position of having confused Philip Drunk with Philip Sober. He is exactly acting on the position taken by some at least of the present occupants of the treasury benches when they were not Philip Sober. He is remembering the wild and silly charges that were made in regard to the Riordon case. He is remembering that in that campaign it was said that as soon as the government came into power there was to be an investigation, which I have been courting ever since. But he has forgotten that sometimes the wildest insanity becomes sanity; and after all there is a morning after the night before. And to-day the government are charged with carrying out the laws of this country. They are not concerned to-day with making improper and false statements as to political opponents and what they have done. They are concerned with carrying out the law. At that time they and the papers supporting them were concerned in saying that the very sections that the hon. the Acting Minister of Finance (Mr. Robb) has properly referred to to-night were framed for the purpose of protecting Drayton. But as I say that is gone; they are in a position of responsibility now. I have always courted an investigation and I do so now. My position now is just as it was then. There ought to be regard for law and regard for the statute. There ought to be regard for the confidence of the ratepayer, and it is for the government to say whether it is to be violated or not.

So far as this particular case is concerned, my hon. friend is again in an unfortunate position. He has relied upon the Globe, and the first case he cites shows that the Globe has been interested in running down some Toronto ratepayer. I do not know how this information was obtained; but I do know that the ratepayers of this country are going to be interested in finding out why it is that some newspaper or some people can gain access to confidential documents. That is a breach of the law, and a breach of the situation as described by the Acting Minister of Finance. Somebody has been giving information but from the date of the assessment, and although I do not know what it was, I should imagine it was still the same old game of trying in some way or other to show something wrong was done in 1921. I would assume it is for that purpose, and, as it appears in the Globe, my assumption is altogether more likely to be correct. But there is a place where there might be an investigation. What chance has the honest man in business to get along properly if perchance his competitor here or his competitor there is allowed to obtain knowledge of everything he is doing and his resources and salaries? If it be open for the Globe in some way or other to get these particulars, why is it not open to anybody else? Well, my hon. friend is wrong, because he again trusted the Globe. We see, according to a report given to the acting minister, that as a result of the delays which took place for the purpose of ascertaining the truth, making proper valuations, and writing up values where values were written down, the tax in the first instance referred to is raised from $27,000 to $61,000. Was the delay not worth it? Was the department not doing the right thing in writing up the values and obtaining a true knowledge of the situation?

The second case he refers to is not very much more fortunate. How did the delay work out there? It has been alleged that the assessment was not made soon enough. Fancy anyone talking about interest on an improper amount of $20,000 as a matter of loss, when we find that, as a result of the delay and of getting the actual value, instead of the country getting $20,000 it got $36,000. There is the whole situation. I have a good deal of sympathy for my hon. friend from Brant. He has been misled. He has become mixed up with Philip Drunk and Philip Sober. He has become mixed up with the Globe and the family Bible, but I will say again, as I have said more than once,—and this has been corroborated both by the right hon. Minister of Finance (Mr. Fielding) from his place in this House and by the Acting Minister of Finance (Mr. Robb)—that there is nothing to hide in this matter, so far at any rate as one Drayton is concerned, and that I look for an investigation, if anyone is rash enough to bring it on. I have absolutely nothing to hide. My position is just as it was before. Then I was bound by the ordinary decencies of public life to keep quiet. I could not give the details. I had no right to do so. The details now are with hon. gentlemen on

the other side. Any breach of decency today will not be my breach, and if they want to make that breach, I can assure them that so far as I personally am concerned, I will welcome an investigation.

Mr. GOOD: In regard to the case which I mentioned, which has been referred to by the ex-Minister of Finance (Sir Henry Drayton), I should like to make my position absolutely clear, because I am afraid that it has been misunderstood. I have no desire to question Mr. Edwards' ability as an accountant, but I want to state very frankly that I can see no justification for the conclusion to which he came. It may be my fault, but I submit to the committee that, under the act, there seemed to be no justification for the allowance of $5,000,000 that was made. The further explanation made to me personally by Mr. Edwards divided that amount into an allowance for the plant, for which allowance there might be some justification, and a very large allowance for the value of the mine, for which allowance I can see under the act no justification whatever. The section quoted by Mr. Edwards, subsection 4 of section 7 reads:

> For the purposes of this act the actual unimpaired reserve, rest or accumulated profits of an incorporated company shall be included as part of its capital.

If the value of the plant is to be taken as the accumulated profits—and I suppose it is in this case; what were not paid out to the shareholders as dividends were put into the plant—the reserve, so to speak, then that is all that can be allowed for and what can be said about the allowance that both the department and Mr. Edwards justify of over three million dollars, at least, for the mine.

Mr. MARLER: That is the capital.

Mr. GOOD: The capital is defined under the act as being not more than the par value of the capital stock, $250,000, which is negligible in this case. I ask the government to make an investigation. I am sorry if, in any way, I should be party to such an investigation as will throw into discredit any particular person or persons. I regret that, in a matter of this sort, certain persons seem to be, necessarily, reflected upon. I cannot help that; there is no way of avoiding it; but I think there is a sufficient amount of information now evident to require an investigation by the government. If it is desirable to have a private investigation, let the government assume responsibility for whatever kind of investigation they see fit to institute. But I contend that the information which we have already secured and the charges, if such they may be taken to be, contained in the Globe articles are sufficient to require an investigation. In fact, I would think it is highly desirable to clear up the charges and not to allow them to stand there as suggestions and insinuations, if you like, against the probity of certain persons in this House and elsewhere. Should they not be cleared up? I do not wish to be considered as desiring to reflect discredit upon any individual; but I feel that in this particular case a certain favouritism has been exercised towards a particular concern, a concern which made profits amounting to a million and a half dollars in one year, whereas, the country at that time secured only about $200,000 of taxes out of $1,500,000 profits from a company that started with $250,000 of a capital and which had, at most, according to Mr. Edwards' statement to me, about $2,000,000 worth of a plant. I submit to members of the committee that something seems to be wrong with that. Let it be investigated. I am only calling for an investigation, and I think it is up to the government to provide for an investigation of whatever kind they think most suitable

Mr. ROBB: May I point out again that this resolves itself purely into a difference of opinion as between the chartered accountants and the hon. member for Brant (Mr. Good)? May I remind him again that the Public Accounts are available, and the government and the Commissioner of Taxation welcome any investigation the hon. member desires to bring before the Public Accounts committee.

Mr. GOOD: Do I understand that the government decline to take further action in the matter? Do they decline to make any investigation?

Mr. ROBB: The government have made an investigation and I insist upon that point. The government sent one of the most respectable, recognized chartered accountants in Canada to go carefully into the matter. He had associated with him another chartered accountant, of a respectable firm. They have made a report satisfactory to the Minister of Finance. The hon. member for Brant is not satisfied with that. The difference of opinion is between the chartered accountant and the hon. member for Brant. As a member of this House, my hon. friend has recourse to the Public Accounts committee. All he has to do is to bring the case there and bring forward the evidence that he says he has.

Mr. GOOD: Is the Acting Minister of Finance himself satisfied with the report of Mr. Edwards?

Mr. ROBB: I am bound to say that I have always found Mr. Edwards' reports accurate. I have never had any reason to dispute them.

Sir HENRY DRAYTON: What the hon. member says about capital does not come under that particular act. It is not the amount of the face capital at all. Very often the face capital is ever so much more than ought to be deducted. On the other hand, when the face capital is nominal, manifestly you have to apply the same rule. What you have to arrive at is the value of the vehicle that is producing the results. That is putting the matter in a rough way, but that is really what it is. Never mind about the paper capital or the paper reserve. What is the real value of the thing used? Mr. Edwards says that the real value is this $5,000,000, and he also says, as regards the real value, that it was offered for $6,000,000. If my hon. friend will look at this particular act, he will see that the ordinary rule does not apply.

Mr. McMASTER: I would ask the hon. member (Sir Henry Drayton), as he was once responsible for the administration of this act, to consider whether the act cited by the hon. member for Brant (Mr. Good) contemplates this fixing of the value of the assets at their real value. It would almost appear by the citation from the act made by the hon. member for Brant, that, the capital must be the capital of the company and not the real value of the property.

Sir HENRY DRAYTON: I can assure my hon. friend that it would have been a very easy act to administer if that had been the case, and the returns in the great majority of cases would have been very small. We have watered capital, and if that reading were to be given to the act, many companies, that had to pay heavy rates would have got off with nominal taxation. We had to do that in order to get revenue, and that meant going into the whole thing and finding out what real values were.

Mr. McMASTER: Is the real difficulty in this case not a difficulty of legal interpretation of the act? It seems to me that that is where the difficulty comes in. If, under the act, the taxing power had the right to assess what was the real value of the property producing the income, then it occurs every day, especially in companies that are owned in a family, that the nominal capital may bear no relation to the real value of the property. If under the act the assessment could be computed upon the real value of the property then it appears to me the difficulty might disappear altogether. I have never examined the matter as a practising lawyer with any great care and I should be glad to hear from the Minister of Justice (Mr. Lapointe), if he has looked into it, as to whether it is proper under the act to compute the rate of taxable profits not upon the nominal capital but upon the real value of the institution.

Sir HENRY DRAYTON: That is what we did at any rate; we took the real value.

Mr. BOYS: The section we are discussing is as follows:

> For certain modifications of the present law pertaining to the income tax lien and to render certain that the lien shall not take priority over securities validly taken to the time at which the lien attaches.

I want to enter as strong a protest as I can against the department taking a lien against the property of a taxpayer, which lien could by any possibility take priority over existing securities. This section states that there are to be certain modifications. I do not want to continue the discussion unduly if the proposed modifications will meet the situation, and I would therefore ask the Acting Minister of Finance to indicate just what those modifications are to be.

Mr. MARLER: Perhaps the hon. member will recall that when this amendment to the act came up last year under section 25 I raised the most strenuous objections to its being put into effect at that time; and finally, after many solicitations, I induced the Minister of Finance to put over the operation of that particular section until the accounting period of 1924, that is to say, around May 1, 1925, the income tax statements being submitted, as my hon. friend is aware, on April 30, 1925. That section last year constituted a lien on all property movable or immovable of the tax payer over all assessments made or to be made; that is to say, the income tax created a lien ranking prior to a mortgage or even a sale, irrespective of whether the income tax was assessed before or after the security was created. And that in my opinion was a very unfair attitude for the department to take. The amendment now submitted by the Acting Minister of Finance changes that completely, providing that the income tax lien will take effect and be a lien only in relation to that part of the tax which is assessed before the execution of any particular security such as a mortgage, a conveyance or a collateral security.

Mr. BOYS: Is my hon. friend speaking for the Acting Minister of Finance? I do not know, but apparently he is familiar with the nature of the probable modifications.

Mr. JACOBS: He is trying to enlighten the House.

Mr. BOYS: I understand that quite well.

Mr. JACOBS: Does the hon. gentleman think that the Acting Minister of Finance alone can interpret the section?

Mr. BOYS: Certainly not; but I do think that the committee is entitled to an explanation from the Acting Minister himself. It makes no difference to me however where that explanation comes from so long as I am assured that the statement which the hon. member is making is an indication of what the minister intends to do.

Mr. MARLER: For the information of my hon. friend I want to say that, naturally, I am not speaking for the government. I am speaking for a reason which I shall state; and perhaps the hon. member will not consider me impertinent for undertaking to offer a word of explanation in regard to the section.

Mr. BOYS: I did not mean to be rude to my hon. friend; all I wanted to know was whether what he has suggested are the proposed modifications which are ultimately to be submitted by the acting minister.

Mr. MARLER: I am speaking for this reason. Last year I raised strong objections to the enactment of a section similar to this, and I have been taking up this particular question with the department with a view to having a clause passed which would seem to me to be fair both to the department and to the public at large. This matter has been brought to my attention by very many persons in Toronto, in Montreal and in various other parts of the Dominion; and this owing largely, in fact entirely, to my having offered the objection I did last year, when my remarks were published in Hansard. For that reason alone, and not because I consider myself an authority on the subject, I have undertaken to refer to the subject. In my opinion the suggested amendment is a fair one inasmuch as it only allows the unpaid income tax assessed prior to the execution of a security to rank as a lien on taxable property. In other words, a mortgage being registered on a certain day and income tax being clear up to that date, then the creditor has no necessity to examine the income tax statement of the debtor after the registration of the mortgage; and provision is made by the department so that the usual waivers or certificates, or whatever you choose to call them, will be issued on demand, showing that there is nothing owing by the debtor mortgaging or selling a security.

[Mr. Boys.]

Mr. GOOD: There seems to be an evident desire on both sides of the House to change the subject, but I want to add a word in conclusion to what I said before regarding the matter I have already brought up. So far as the particular case which I personally investigated is concerned, I am not attaching a tremendous amount of importance to it, but I want to tell the committee frankly that I see no justification for what was done. The contention may be made that one could not keep to the act, that one had to violate it, in that it was not fair. If the officials take that view then perhaps the action taken can be justified on that basis. Nevertheless, I submit that the act was violated in this particular case. As I have remarked, however, I do not attach supreme importance to this case because there may be some extenuating circumstances that would seem to justify it, although personally I cannot see it. But I do think that in view of the subsequent charges, of a very serious and very varied character, made by the Globe, some action should be taken. Am I to understand that the government has investigated all the allegations made in the Globe articles, and in consequence denounces them as untrue? If that is the case, and the House is to be given to understand that these things have all been investigated, and if the government declares them to be baseless, I personally shall be well satisfied and pleased to know that things are properly conducted. I ask the Acting Minister of Finance to make a statement now that these matters have all been inquired into and that the government is satisfied that everything is O.K.

Mr. ROBB: I repeat that from the items as they appeared in the Toronto Globe we were able fairly to trace the accounts, and I have read to the committee a statement of account to show that the Globe was very much misinformed. I should like to return to the resolution. I do not want to be discourteous to my hon. friend but I have already told him that the Public Accounts are open to any member of the House and that the government will welcome any investigation into any department of the public service which hon. members may wish to make before the Public Accounts committee.

Mr. MACKENZIE KING: Mr. Chairman, I should like to supplement what the hon. Acting Minister of Finance (Mr. Robb) has just said as to the government welcoming an investigation into any matter which can be placed before it in a way sufficiently concrete and substantial to justify investigation. As the minister has said, it is open to any member of

the House before the Public Accounts committee to ask for the production of papers in which he is interested, and to secure examination of relevant witnesses. That course is open to my hon. friend in regard to the matter he has brought up to-night. As to the charges contained in the Globe articles, I would direct his attention to the fact, that so far as we have heard those articles as read to-night they do not name any persons, they are general charges. The government has to be careful in regard to instituting inquiries into the work of departmental officials, for in five minutes if we started investigating without some concrete and specific charge before us it could be charged against the government that we were seeking to persecute such officials. If my hon. friend or any other member of the House will submit to the government a charge of a specific and serious character with relation to any official of any department of the government, I will undertake to see that that charge is investigated.

Mr. GOOD: I am glad to have the assurance of the Prime Minister to that effect.

Mr. ROBB: Now, coming back to the resolution, and replying to my hon. friend from South Simcoe (Mr. Boys) who asked me a few minutes ago if I would endorse what had been said by my good friend from St. Lawrence-St. George (Mr. Marler), if he refers to this item now under discussion and to the hon. gentleman's explanation of the act as he understands it, I say yes; if he means in a general way, I would hesitate to give my endorsement. I may say to my hon. friend that the proposed bill has been submitted to the representatives of the Bond Dealers' Association of Canada, the Canadian Bankers' Association, the Life Assurance Association, the Dominion Mortgage and Investment Association, the Ontario Association of Boards of Trade, the Associated Chambers of Commerce, the Toronto Board of Trade, the Builders' Exchange and Construction Industries Associated of Toronto and the Toronto Real Estate Board, and they are quite satisfied that the amendments will meet any objections.

Sir HENRY DRAYTON: I wonder if my hon. friend could let us see the proposed bill?

Mr. ROBB: Just as soon as this resolution is passed I will introduce the bill.

Mr. COOTE: With the permission of the committee I should like to refer to a question which I raised this afternoon respecting a statement which I understood had been made by Professor McGibbon. Let me read this one sentence from the report made by him in regard to the earnings of certain line elevator companies in western Canada. He said:

> In 1921 many companies, with the permission of the income tax department, converted surpluses into capital stock by declaring stock dividends.

I wish the minister would explain to me, if he can, why Dr. McGibbon would make that statement if the income tax department had not ruled that such stock dividends were not to be subject to income tax.

Sir HENRY DRAYTON: I can answer my hon. friend at once from my own recollection. Under the old law they were not subject to income tax, and a great many of such dividends were accretions of moneys earned before any income tax was payable. I brought in an amendment in 1921, Mr. Chairman, providing that any more of such distributions would be taxed as income.

Mr. ROBB: So Dr. McGibbon must have been referring to a period prior to 1921.

Mr. COOTE: The minister will admit that this was the case in 1921?

Sir HENRY DRAYTON: I should like the hon. gentleman to have it right. My recollection is pretty clear on the point, although it is some time since I had occasion to refer to it. In so far as all profits of any kind made during that tax accounting period were concerned, whether they were distributed in cash or otherwise, did not make any difference, they were profits earned during that period. But hon. gentlemen will see, Mr. Chairman, that there might be companies with undistributed reserves that were not made in this tax accounting period. It looked to me as if it gave too much opportunity of working one against the other, so I proposed the amendment making all these distributions taxable.

Mr. ROBB: The commissioner tells me that the point raised by my hon. friend applied only to dividends accrued and undistributed surpluses that were on hand prior to the act coming into force.

Sir HENRY DRAYTON: Prior to the accounting period.

Mr. COOTE: I desire to get my position right before the committte. From what the minister said this afternoon I understood that the statements I had made in regard to what Professor McGibbon said in this report were in his opinion impossible. I think perhaps we have got the matter straightened out as far as I understand what the minister has said.

Resolution agreed to.

Resolutions reported, read the second time and concurred in. Mr. Robb thereupon moved for leave to introduce Bill No. 143 to amend the Income War Tax Act, 1917.

Motion agreed to and bill read the first time.

CIVIL SERVICE SUPERANNUATION

Hon. J. A. ROBB (Acting Minister of Finance) moved the second reading of Bill No. 122 to provide for the superannuation of civil servants.

Sir HENRY DRAYTON: Will the minister inform the House as to the personnel of the committee to which this bill is to be referred?

Mr. ROBB: I have not the names in front of me, but it will be practically the same committee which considered the matter last year, with the exception that I should like to put on the name of the Acting Minister of Finance. If the chief Whips have any suggestions to make as to the personnel of the committee we will change it to suit them.

Sir HENRY DRAYTON: I quite agree, Mr. Speaker, that this is a matter which should be expedited, it having stood over for a long time. I am perfectly willing to facilitate my hon. friend in every way. I presume he will name the committee afterwards.

Motion agreed to and bill read the second time.

Mr. ROBB moved:

That Bill No. 122, an act to provide for the superannuation of civil servants, be referred to a special committee consisting of the following members:—Messrs. Brown, Carmichael, Chevrier, Drummond, Hughes, Garland (Carleton), McBride, McKillop, McMurray, Malcolm, Marcil (Bonaventure), Martell, Parent, Rinfret, Robb, Shaw and Simpson, with power to send for persons and papers (to print for the use of the committee from day to day its proceedings and evidence taken) and to report from time to time, and that rules 11 and 74 be suspended in reference thereto.

Mr. SPEAKER: By unanimous consent.

Motion agreed to.

SUPPLY

SOLDIERS' CIVIL RE-ESTABLISHMENT

The House in committee of Supply, Mr. Gordon in the chair.

Soldiers' Civil Re-establishment—capital, $10,000.

Mr. MANION: Will the minister explain what this item refers to?

[Mr. Coote.]

Hon. H. S. BELAND (Minister of Soldiers' Civil Re-establishment): This item is for minor repairs and improvements to leased property, and for small pieces of furniture and equipment. There is a reduction of $20,000 this year. Last year we spent $5,616.

Mr. MANION: Would the minister give us a few of the details with respect to the amount spent last year?

Mr. BELAND: Small pieces of furniture—chairs for instance, small pieces of machinery; equipment and furnishings for hospitals and sanatoria; minor structural additions and expenses. All the major repairs and all substantial additions to hospitals are made by the Public Works department.

Item agreed to.

Care of patients and medical examination of pensioners, $2,600,000.

Mr. MANION: Will the minister tell us how much of the vote last year was spent, giving some of the larger items in detail?

Mr. BELAND: There is also a substantial reduction in this item. The main items of expenditure consist of: Care of patients and medical examination of pensioners—food and subsistence, fuel, light, power and water rates; medical, surgical, dental and X-ray supplies; laundry; professional services in outside hospitals; maintenance of patients in outside hospitals. Then, indirect charges, such as transportation of patients and pensioners; expenses of escort, funeral and burial of patients; expenses of travelling medical boards. Under this item also is included the expenditure in connection with the Orthopaedic Surgical Appliances branch, the providing of artificial arms and legs, of boots, shoes and repairs for the same; also optical appliances and supplies, wheel chairs and so on. The amount voted last year was $3,500,000, of which $2,964,043 was spent.

Mr. MANION: How many hospitals are there at the present time, what are their locations, and how many were there last year? How many patients are in the hospitals and how does the number compare with that of last year?

Mr. BELAND: Last year we had 16 hospitals and sanatoria entirely operated by the department; this year we have reduced the number by six. The hospitals and sanatoria entirely operated by the department are as follows: Ste. Anne's Hospital, Montreal; Camp Hill, Halifax; Lancaster, St. John; Mowat Memorial Sanitorium, Kingston; Christie Street Hospital, Toronto; Westmin-

ster Hospital, London, Ontario; Deer Lodge Hospital, Winnipeg; Colonel Belcher Hospital, Calgary; Central Alberta Sanitorium, Calgary; Shaughnessy Hospital, Vancouver; a total of ten. The number of patients in the institutions entirely operated by the department was, on the 31st of December last, 1,924. Now, besides the institutions which are entirely operated by the department there is a large number of other institutions in which we have patients. If my hon. friend desires a list of all these institutions I can give it to him.

Mr. MANION: How many patients are there in those which are partially occupied by the Department of Soldiers' Civil Re-establishment?

Mr. BELAND: On 31st March, 1924, there were 1,449 patients in those institutions not operated by the department. On the same date in the departmental institutions there were 1,995 patients, in round numbers 2,000, a small increase on the number on the 31st December last. The total number of patients on 31st March, 1924, was 3,560.

Mr. MANION: Has the minister the total figures for the year previous?

Mr. BELAND: I have the figures here for the last five calendar years. They are as follows:

Year	Number of Patients
31st December, 1923..	3,744
31st December, 1922..	4,307
31st December 1921..	5,930
31st December, 1920..	6,431

So that from the 31st December, 1920, there was a reduction from 6,431 to 3,744.

Mr. ARTHURS: And last year?

Mr. BELAND: During last year there was a reduction from 4,307 to 3,744.

Mr. ARTHURS: Does this justify the reduction you are making?

Mr. BELAND: It is expected that the amount now asked for will provide for the needs of the present fiscal year.

Mr. MANION: Can the minister give me the number of the complete staff of totally occupied persons, that is to say, the nurses, doctors, and so forth, throughout the whole country at the present time, and also the figures for previous years?

Mr. BELAND: On January 1, 1924, the total staff was 3,094.

Mr. MANION: Has the minister the figures for the staff in previous years?

Mr. BELAND: I think so.

Mr. MANION: That is the full time staff.

Mr. BELAND: Yes.

Mr. SHAW: Can the minister give us an idea when we may expect the elimination of this department?

Mr. BELAND: On 31st December, 1919, the total staff was 8,126. On March 31, 1920, the number was 8,791. Skipping over two years, the number on July 1, 1922, was 4,367; and on July 1, 1923, the number was 3,524. On 1st January 1924, the staff had been reduced to 3,094, and 3rd April last it had been further reduced to 2,881.

Mr. MANION: I will cease asking questions in a moment and give other members an opportunity to question the minister. I presume there is a part time staff as well?

Mr. BELAND: Yes.

Mr. MANION: Has the minister the figures for the part time staff?

Mr. BELAND: Yes, there are only medical men in the part time staff.

Mr. MacLAREN: Does this item include the salaries for professional services?

Mr. BELAND: No.

Mr. MacLAREN: Does it include the medical staff?

Mr. BELAND: No, it does not include the salaries of the medical men.

Mr. MacLAREN: Is it the case that for a total number of 3,444 patients there is a staff numbering 3,094.

Mr. BELAND: I would not say that statement is correct because the staff have other duties in addition to attending the patients in the hospitals. The figures which I have given apply not only to service in the hospital, but to the medical examination of pensioners—all possible services in connection with unemployment relief, the discharge of duties in connection with Imperial pensioners and Imperial patients in hospitals. In a word the duties in question embrace the whole work of the department.

Mr. MacLAREN: I do not wish to imply that the duties of each member of the staff are confined to attendance in hospital, but I understand it is the case that there is a total staff of 3,094 and the number of patients is 3,444.

Mr. BELAND: That is right.

Mr. MacLAREN: Is the pension board staff included in the number as well?

Mr. BELAND: Yes, all the staff.

Mr. MacLAREN: Even including the Pension board staff, and all the other officials, it seems to me that is a large personnel for the number of patients. Does the minister see in the near future the prospect of the staff being reduced from what it is now?

Mr. BELAND: The staff is being reduced at the rate on an average of about 20 a week, and one must bear in mind that of the main staff of the department a proportion, I think 95 per cent, are returned men, and a proportion again are disabled men. The purpose of the department is to exercise all possible care and diligence in reducing the staff. The employees receive notification in advance; and in the meantime, before the date arrives when they shall be released, we undertake to do everything possible in order to secure employment for them. Many of our employees are disabled to an extent that we feel sometimes that it is the duty of the department, of the government and of the country to keep them a little while longer, and I venture to say that it will not be possible at any time in the future to reduce the staff at a faster rate than 20 a week, or about 75 a month, or 900 to 1,000 a year. If we continued to reduce the staff at that rate it would mean that in three or four years they would all have been let out. Although I do not think, perhaps, the department should remain as it is to-day, I believe that it will require two or three years before the number of employees will be reduced to such a point that it will not be worth mentioning. At one time the staff was composed of pretty nearly 9,000, and if we include the work of the pension commissioners it was at that time 10,000. In 1921 I think all the staff of the Board of Pension Commissioners was taken over by this department, and from that time the department has been reducing constantly at the rate on an average of 1,000 a year, or even more, and I submit we are doing fairly well. We may not reduce the staff as rapidly as my hon. friend would wish, perhaps, but were he in my place, knowing his heart, and his good nature, I can assure him that he would not reduce the staff any faster. Representations have been made to me by men who are deserving, men who have done brilliant service, and men who have suffered disability, the heads of families, and so on, and we exercise all possible care when it comes to dispensing with their services. Nothing would please me more than to reduce the expenditure further.

[Mr. Béland.]

Mr. CHURCH: The minister shows a reduction of $900,000 in this particular item. I think the most important department in the public service is the one over which the minister presides. He has given us the figures at the time the last estimates were passed, and the number now in the hospital is included in his 1924 estimate. Although there is a reduction in the estimate of $900,000 there is not an equivalent reduction in the number of patients receiving clinical treatment, and when you consider the number of patients receiving general treatment, the ordinary patients, tubercular patients and so on, the grand total figures out at an average daily of 4,307. The people of Canada expect that the government will not shelter themselves behind any technicality or code of rules in regard to their treatment of these men. A great deal of complaint has been made since last session about the administration of this particular branch of the department. When we considered this item previously there were some co-ordinations and some consolidations made which might account for the difference. The Sydenham hospital at Kingston has been closed, and Euclid Hall at Toronto, Brant House at Burlington, Jordan memorial at River Glade, N.B., and Ste. Agathe Sanatorium were also closed. Can the minister tell us if the veterans are getting the same kind of treatment now as previously? Have the recommendations which have been in the Colonel Ralston report been carried out? Are there any changes in the regulations? Will he tell us something about the general care and medical treatment in these institutions? Is there any change? I know in Toronto there have been a great many complaints, and they had through a citizens committee to pass the hat around and collect $48,000 on a tag day in April for the benefit of a lot of veterans who contracted disease overseas, and whose cases were thrown out by the doctors in the department. I refer to the Smith case, Mr. Smith being a soldier resident in Davisville near Toronto. The hon. member for South York (Mr. Maclean) is not here to-night. He intended to take it up. Then there is the Strickland case, Strickland being a destitute soldier, the Taylor case, a soldier on Portland Street and some others. These gentlemen come under this particular vote. The doctors examined them and I have a lot of correspondence with the department in regard to them. The civilian doctors, of repute, who had considerable experience, and who examined these men, do not agree with the D.S.C.R. board of medical men. The

best the country can do for these soldiers is none too good for them. They are not going to live forever, and they are dying off by hundreds. Many of them have been struck off the pension rolls on technicalities and the number averages about 4,307. At page 671 of last year's Hansard the minister gave for the years 1919-22 and 1922-23 the details of the number of cases and he has repeated these details to-night, and added those for 1924. There is a great deal of dissatisfaction in the city I come from, and the ladies' organizations with the city government and the board of trade and other civic organizations had to get together during the dark days of January, February, March and April to obtain assistance for soldiers in need and distress by way of a tag day. Many of them were without work, they and their families were without food and clothing and some could not obtain medical treatment. The ex-service men and the different associations, the board of trade, and the city treasurer did what they could. The members of the various patriotic funds and other organizations had to be recalled, and they organized a campaign and parties went around from door to door in Toronto and collected $48,000, which the people of Canada should have contributed. I would like the minister to tell us about the care and treatment of these cases at present in the hospitals and the medical examination of the men. In many cases the applications for pensions or aid for these men were thrown out or curtailed. I mentioned three cases to-night. Then there is the case of Pte. Boxall. Lieutenant Colonel Campbell, an overseas soldier, came to me with a pile of papers to-day and the file re this Boxall case. Boxall was a returned soldier. His case has been ruled out by the department on some technicality. This man contracted his disease overseas and the department's doctors ruled him out although five or six civilian doctors backed up his statement that he should receive a pension.

There is too much red tape in the administration of this department in their treatment of the soldiers in the city from which I come. The Christie Street hosptial is the largest hospital in Canada for the treatment of soldiers, and they are doing splendid work. The minister's heart is in the work, and he has my sympathy and support. The findings of the Ralston commission should be brought up to date, there should be no delay in bringing in their final report and the relief set out therein should be brought into effect at once. In many instances the doctors of the department rule out cases, while civilian doctors of good professional ability certify to the contrary as to the facts in individual cases, and with all respect to the department, I think something should be done to take care of these men denied a pension by red tape. There should be a more liberal interpretation of the act. The soldiers are dying by tens, twenties and thirties in Toronto and Ontario every month. They are not going to live for ever or to be a drag on the government for all time. Last year the estimates of this department were $14,000,000. This year the amount has been reduced to $9,000,000, a reduction of $5,000,000. Next year, if we have a proportionate reduction, the estimates will amount to about $5,000,000. This department shows a reduction of about 37½ per cent. Is this the only department that is going to be cut down in that way and singled out for economy? One-half of the estimates goes for administration. The minister's figures may be all right as to the number treated. The Ralston commission went over the whole of Canada and it made two reports. One report was brought down the other day, and it is about time that we had the final report and put it all into effect. Let us have the facts and find out how many men have been struck off the books, turned on a cold, uncharitable world for a living, without anything, and allowed to shift for themselves. You cannot expect these men to be 100 per cent efficient after spending two, three or four years overseas. Some people will not give them a position and the country owes them a proper pension.

As regards the amputation cases, getting $75 a month, I know of a young soldier, a hard-working man, an amputation case. He has two arms off, and he cannot get any work. After weeks spent in endeavouring to get a position for him, he cannot get a position, nobody will have him. Nine hundred dollars a year is not sufficient for him with his wife and children, who sometimes are sick. He is sometimes sick too. All these things have to be taken into consideration. The minister has a good deal of courage; let him not be afraid to bring down proper estimates, because this is a department that should not be cut down 40 per cent, and it is not economy at all to economize at the veteran's expense. The people of Canada are well able to pay a proper debt of gratitude which they owe to the soldiers who went overseas for one, two, three, four or five years, and who, on their return to Canada, have technicalities and law dealt out to them, to deprive them of their rights, and who are done out of proper pensions and proper medical treatment by technicalities. They should have proper medical treatment

and sufficient pensions to enable them to maintain themselves and their families. The medical treatment is all right, but some who should have pensions are ruled out by the doctors on technical grounds.

Mr. MacLAREN: I would not wish the impression to exist that I think these patients are not receiving proper and adequate attention. On the contrary, my observation, such as it is, is to the effect that they are being satisfactorily and well cared for. The fact of the personnel being reduced in the last year or two, especially in the last year, more rapidly than the reduction in the number of patients, I think will be explained, by the fact not that the staff has been reduced below what is sufficient but rather that there has been an overstaffing in previous years. I think that there having been overstaffing, a reduction out of proportion to the number of patients has been made possible, and yet the patients have not suffered, so far as I am aware, in any way on account of the reduction in the staff.

Mr. MANION: How many patients has the minister in the hospital at Montreal? What hospitals are there in Montreal and what staff is there?

Mr. BELAND: In that district there is only one hospital operated by the department at Ste. Anne. At Ste. Anne's hospital on the 31st December, 1923, we had 452 patients. I presume my hon. friend wants to know the other institutions in Montreal in which we have patients.

Mr. MANION: Is the hospital at Ste. Anne handled by the staff in Montreal?

Mr. BELAND: Yes.

Mr. MANION: What other patients are in Montreal at the present time?

Mr. BELAND: In Montreal General hospital, 6 patients; in the Royal Victoria, one patient; in Jeffrey Hale hospital, Quebec, four patients. That is in the unit of the province of Quebec.

Mr. GUTHRIE: The criticism which struck me in looking over the estimates of the Department of Soldiers Civil Re-establishment is that the department has become top heavy. It may be a difficult thing to reduce the number of officials and the amount that is voted for salaries; but the amount that is at present paid for salaries in the department is entirely out of proportion to the amount that is expended for the relief of soldiers. I placed on Hansard early during the present session a comparative statement which I believe to be correct and which is taken from the Auditor General's report for the year 1923. It shows that out of a total expenditure of $13,375,000 odd, for the year ended 31st March, 1923, no less than $6,000,000 odd went for salaries, $3,065,000 for administrative charges other than salaries, maintenance, hospitals, supplies, transportation and contingencies, and $4,309,000 odd for payments to soldiers and their dependents, also relief. If one looks at the percentage of these various subdivisions of this expenditure, one will find that salaries take 44.88 per cent, administrative charges, 22.92 per cent and payment to soldiers 32.21 per cent of the total. It can be seen at a glance from these figures that the amount for salaries, $6,000,000, is entirely too large a sum for the administration of a total of $13,000,000; or, in other words, in the expenditure of $13,000,000, $6,000,000 of that sum goes for salaries, $3,000,000 for hospitals, maintenance and the like, and $4,000,000 odd for payments to soldiers and their dependents. I learned from the minister to-night that the total number of patients which he has as of the 31st March of this year is 3,444. Last year he had 3,744, so that there is a reduction of 300. He has a staff on the first of January of this year, as he has stated, of 3,094, which staff includes all kinds of officials and assistants in his department. The trouble with the item under discussion now is that it also includes salaries, although they are not shown in the item itself. I should like to draw the minister's attention to this. Item No. 293 is entitled:

Care of patients and medical examination of pensioners.

The appropriation proposed this year is $2,600,000. Last year the House voted $3,500,000, so that there is a reduction of $900,000. But the minister said that last year the amount expended was about $3,000,000. According to the Auditor General's report, the amount expended under this item was $2,922,547.41. Of this expenditure no less than $291,979.54 was for salaries. The second vote after the present one is also expressly for salaries. But in the item we are now considering, of the expenditures of 1923, $291,000 or almost $300,000 of the amount for care of patients and medical examinations was actually expended in salaries. If the minister wants the references to the pages of the Auditor General's report, the person who has prepared the memorandum for me has given the page and the section of the report in regard to each of the figures I have mentioned The figures I have last mentioned will be found on pages YY100 and XX142. Last

year under the item "salaries" there was a total vote, comprising three items, of $4,425,000. But the total expenditure in salaries was actually $6,000,649.30. So that in the various items that make up the total estimate there is a substantial amount included for salaries not shown in the estimates at all. The estimates we voted last year totalled, for salaries, $4,425,000; but according to the Auditor General's report, last year—and I have every reference—the total was over $6,000,000. My submission is that the salary end is far too heavy; there are too many men employed or else they are receiving too much salary for the work they do. This should be considered as a vanishing department. We rejoice in one way to know that the number of patients now is reduced to 3,444 and no one would grudge even an extravagant expenditure for the care of these men. But the House would like to know that the men are getting the benefit of the greater part of the expenditure, and unfortunately the figures show that they are receiving only a very small proportion of it. The whole part of the expenditure from which the men derived a benefit, according to the figures of 1923, is the rather insignificant sum of $3,065,000, or 22 per cent.

Mr. BELAND: That is, in direct payment.

Mr. GUTHRIE: Then, in addition to that, in payments to soldiers' dependents there is the sum of $4,309,000 or 32 per cent, totalling between them some $7,000,000. But to spend that $7,000,000 we pay $6,000,000 in salaries to officials. I want to bring this matter as forcibly as possible to the attention of the minister, because I do not think that the soldiers are getting the benefit which they ought to get from that vote of $13,000,000. If more is required for the soldiers, by all means let us vote the money. But surely there can be some economy; surely it is not necessary to pay men salaries totalling $6,000,000 in order to administer the expenditure of $7,000,000. One has only to state the case to show how very much out of proportion the whole system is. The figures I have given are correct down to a cent; all the references to the pages of the Auditor General's report are on the memorandum which I have. I have also checked the additions myself, and I believe my facts are accurate. The salary items, which are submerged and not shown in the estimates now before the House, are to be found under this item now being considered, No. 293; and during 1923 we paid under this item the large sum of $291,000 in salaries, which is not disclosed in the item. Again, for operating expenses, and so forth, which will be found under item 300 of the present estimates, there was included for salaries no less than $148,843, not shown as salaries in the estimate. When we come to Unemployment Relief, which is item 299 in this estimate, we find that in 1923 of the amount we voted salaries accounted for $58,000 which was not shown in the estimates. Then again, in regard to recommendations, pensions, and so forth, salaries in that item amount to $21,406. Adding all these various salary items to the amount expressly voted for salaries we find that the total expenditure under this head in 1923 was over $6,000,000. I wish a better division of the money could be made in the interests of the soldiers themselves. I know the department is a difficult one to manage; it is one which it is difficult to carry on successfully; and I congratulate the minister on what he has done. But I do think that a better division of the money could be made.

Mr. BELAND: I will give my hon. friend a complete answer. But first let me ask him a question. The money which is paid in salaries to nurses does not go directly to the soldier, does it?

Mr. GUTHRIE: It does indirectly.

Mr. BELAND: Does the hon. member think that the patient benefits by means of it?

Mr. GUTHRIE: I think it can fairly be classed as salary.

Mr. BELAND: What about doctors?

Mr. GUTHRIE: That is fairly classed as salaries.

Mr. BELAND: Does my hon. friend think that these salaries should not be paid but that the money should be handed over to the soldiers even though they might die from want of care?

Mr. GUTHRIE: I cannot imagine that the nurses and the doctors can account for $6,000,000

Mr. BELAND: Those are only two instances; I will give the whole list in a moment. But I want to make the difference clear now.

Mr. GUTHRIE: I know it is a fact that in the department right in Ottawa, according to returns laid on the table by the minister, there are 741 employees, or one for every 5 patients in Canada. And that is right in the city here. It passes my comprehension, for I cannot see why there should be such a large number of officials around Ottawa. Certainly they are not all nurses.

Mr. BELAND: My hon. friend said that the department spent $13,000,000. Well, let me tell him that the department paid out during the last fiscal year $52,000,000. So that the hon. gentleman, who seems to be so well posted, has made a slight mistake to the extent of $39,000,000.

Mr. GUTHRIE: That is for pensions.

Mr. BELAND: Where did the pensions go?

Mr. GUTHRIE: I am talking of the vote we have now, the total vote for the department.

Mr. BELAND: The department has a turnover of $52,000,000, and when my hon. friend speaks of salaries does he not include the men who are employed in making 40,000 pension examinations in one year? Undoubtedly he does; but he did not say so. Does he mention anything about the 167,000 clinic treatments from which the men have derived some benefit? That money did not go direct to the men but they profited by it nevertheless. My hon. friend says that so much money is paid in salaries. What about the doctors in the hospitals? What about the nurses in the hospitals? What about the men who make the artificial limbs for the disabled? What about the men who make their boots and repair them? That money is not paid into the pockets of the returned men. My hon. friend says: "Oh, you are paying so much in salaries. You ought not to pay so much." Who is going to make the artificial limbs for the disabled men? Will my hon. friend do the work for nothing? Is that money paid direct to the men? No. Do they profit by it? They do. But let us go on a little bit further, because this pasteboard castle which my hon. friend has put up must be taken down. I have before me a carefully prepared statement by the supervisor of expenditure of this department, an appointee of my hon. friend's government and a man who, I think, stands high in the financial accounting profession of the country. This statement contains the following figures:

Salaries and wages, general appropriation..	$4,491,142
Civil government vote..	39,861
Provisional bonus..	314,495
Total..	$4,845,498
Pensions as per vote	$32,815,756

I pause there for a moment. Did this money go into the pockets of salaried officials?

Mr. GUTHRIE: It is not part of the $13,000,000.

Mr. BELAND: No, it is part of the $52,000,000. That is what we spent.

[Mr. Guthrie.]

Mr. MANION: Is not the payment of these pensions of $32,000,000 simply the writing out of so many cheques every six months or every month, as the case may be?

Mr. BELAND: My hon. friend is right to a certain degree. But all the pensions are controlled every month by officials of the department. My hon. friend smiles.

Mr. GUTHRIE: That is the trouble, perhaps.

Mr. BELAND: The Board of Pension Commissioners alter the pensions at the rate of a few thousand during each month. Pensions are being increased, decreased, cancelled and new pensions awarded every month. Of course my hon. friend is aware of that. But I think we will get together on this—my hon. friend will agree with me that the $32,000,000 which is controlled by the department goes direct to the soldiers.

Mr. HUMPHREY: Would the minister kindly state what percentage of that $32,000,000 goes for administration purposes?

Mr. BELAND: None at all.

Mr. HUMPHREY: That goes direct to pensions?

Mr. BELAND: Yes.

Mr. GUTHRIE: Let me point out to the minister before he leaves this point, that all these salaries in connection with the pension fund only account for the small sum of $21,000 out of a total of $6,000,000. He will find this information on page YY176 of the Auditor General's report.

Mr. BELAND: My hon. friend is referring to the small clerical staff of the board. He ought to be aware of this, since he was a member of the government which consolidated the two branches.

Mr. GUTHRIE: The pension staff was not—

Mr. BELAND: No, the pension staff has been transferred to the department.

Mr. GUTHRIE: I understand that.

Mr. BELAND: Of course my hon. friend is aware of that. I proceed:

War service gratuity payments..	$31,000
Board of Pension Commissioners vote..	98,000

That represents the salaries of the commissioners and their personal staff.

Pension payments on behalf of British government..	$5,283,762
Refunds on appropriations accounts..	707,000
Returned soldiers' insurance premium income	1,351,105
Policy payments..	454,501

All these figures refer to the calendar year 1923.

Total turnover submitted to Auditor General and Ministry of Pensions, $52,106,002.

Now, what are the direct payments made to the men? They are the following:

Pensions, Canadian..	$32,150,638
for European war and active militia.	
Northwest rebellion..	42,460
Fenian raid..	633
Militia Pension Act 1901..	621,000
Civil government, flying..	992
Total direct payment for pensions.. ..	$32,815,756
Pensions, Imperial, in Canadian currency..	$1,419,714
In sterling funds..	3,864,048
Total..	$5,283,762
Pay and allowances, treatment..	2,234,154
Training..	201,464
Total pay and allowances..	$2,435,618
Vocational loans..	32,000
Relief..	389,000
Transportation of blind..	2,500
War service gratuity..	31,103

So we have direct payments to the men totalling $41,450,740. It is money which they get, which they touch, which they receive.

Mr. ROSS (Kingston): Mr. Chairman, does the minister contend that the $41,000,000 has anything to do with this $2,600,000? Not a thing. We will discuss that afterwards when we come down to the other part of it.

Mr. BELAND: I know; but the discussion has been opened on this subject by my hon. friend the member for South Wellington (Mr. Guthrie). He took occasion to make a great display to the committee and I think he said it required $6,000,000 to spend $7,000,000. Is that it? It requires explanation. Nobody knows better than my hon. friend does that he is mistaken.

Mr. GUTHRIE: I am not very much mistaken.

Mr. BELAND: He must know that he is mistaken. He will not deny that the returned men received $41,000,000 in cash during the calendar year. Why does he spread around the country the statement that they received six or seven millions and that to give them that we spent six or seven millions? It is misleading and my hon. friend knows it. Let us go a bit further. According to the figures prepared by the supervisor of expenditure, the cost of administration has been as follows: Salaries, general executive and assistants, in round figures, $67,000; administration, $1,035,000; accounts and audit, $426,000; provisional bonus, $198,000.

Mr. MANION: Will the minister explain what he means by administration? Is that in the city of Ottawa?

Mr. BELAND: Yes, and outside. It also includes the administrative officials in the units.

Mr. MANION: How many employees are there in Ottawa? The minister gave us the figures for the patients and for the staff generally throughout the country from 1920 on; would he give us similar figures with respect to the staff at Ottawa?

Mr. BELAND: With pleasure.

Mr. ROSS (Kingston): May I point out that this comes under item 295, general administration, which I wanted to discuss in connection with some of the figures the minister is now giving? Under that item we will have occasion to deal with many of the items the minister is now referring to.

Mr. BELAND: My hon. friend is probably right.

Mr. ROSS (Kingston): I would like to stick to this $2,600,000.

Mr. BELAND: My hon. friend will have an opportunity. The hon. member (Mr. Guthrie) under this item launched into an attack on the department. We are not perfect, but we do not want to be painted as black as my hon. friend would make us.

Mr. ROSS (Kingston): The minister launched into just the other extreme.

Mr. BELAND: I will finish this statement, which is instructive. We have also attributable to administration, telephones, telegrams, postage, car fare, $36,000. My hon. friend referred to that; he said that in the operating expenses item there were a number of salaries which we did not detect; I am giving them now. Transportation and travelling of staff, $37,000; stationery, printing and office supplies, $75,000; rent, taxes and insurances, $8,000; light, heat, power, fuel and water, $18,000; maintenance and repairs, furniture and fixtures, $11,000; automobile expenses, $18,000; freight and express, $3,800; advertising and publicity, $15,000; relief investigations, $80,000; miscellaneous expenses, $7,000, a total of $2,040,770. Deduct credits and you bring it down to $2,014,047. You must add to that figure the medical share of that administration, $427,000, making the total administrative expenditure of the department, $2,441,982. Add to that the expenditure by the Board of Pension Commissioners for salaries of commissioners, staff and expenses, $98,143, and you have a total for administra-

tion of $2,540,125.17. My hon. friend, in his desire to convey the impression that the administration costs were extremely high in comparison with the amount spent, and undoubtedly with the view of creating the impression throughout Canada that this department was spending more for administration than any other department, concluded by saying that the administration on expenditure was 20 per cent of the whole, and I think he came pretty nearly saying was 30 to 35 per cent of the whole. My hon. friend seems not to remember what he said some weeks ago. He made reference to 35 per cent, as he will see if he reads his remarks.

Mr. GUTHRIE: I said as much as 44 per cent for the salaries.

Mr. BELAND: That is still worse.

Mr. GUTHRIE: It is right too.

Mr. BELAND: The total turnover of the department was $52,182,795 and the administration charges were $2,540,125, or a shade over 5 per cent. I am informed that at present the administrative costs of the department are actually below 5 per cent. I am not doing any different from what my predecessors did, and I think they were worthy predecessors; they were colleagues of my hon. friend. When did he raise his voice to say, Oh, you are paying 44 per cent in administrative expenses? Moreover, at that time the Board of Pension Commissioners were administering the pensions, whereas to-day this department is doing that. So that to sum up the few remarks I have made and the figures I have given, I point out that less than 5 per cent of the total expenses of the department constitute the administration expenses. It might be better, but we are improving every day; we are trying to reduce the staff. It is unjust and unfair for my hon. friend to suggest that the salaries paid to medical men who render medical services in the hospitals are not of benefit to the men. Moreover, as to the salaries paid to orderlies, nurses, laundry women, men connected with the kitchen who prepare food for the soldiers—all employees, in fact, who are paid out of the public funds—it is unfair to say that the services which these salaries pay for are not profitable and beneficial to the men themselves, even though the amount expended does not go to the men in cash.

Mr. MANION: Would the minister give the figures I asked for regarding the staff in Ottawa?

Mr. BELAND: At the head office in Ottawa, 689.

[Mr. Béland.]

Mr. MANION: Is that at the present time?

Mr. BELAND: That was the number on 31st December, 1923.

Mr. MANION: I think there must be some mistake. I have a statement which the minister laid on the table himself, which gives the number as 741.

Mr. BELAND: What is the date?

Mr. MANION: I think it was April 1.

Mr. BELAND: There is a unit called the eastern Ontario unit which has a certain number of employees also located in Ottawa. That must be included.

Mr. MANION: The question I asked was:

What is the total number of employees of all classes in the Department of Soldiers' Civil Re-establishment in Ottawa?

That answer was 741. Would the minister give me the number of employees in Ottawa in the previous year? He gave the number of the staff all over the country; would be give me the number of the staff in Ottawa from 1920 on?

Mr. BELAND: In the head office in Ottawa in 1921 the number was 1,078, plus 338 in C unit, making a total of 1,416. In 1922 the number was 805, plus 261, making a total of 1,066. In 1923 the number at the head office was 689, and in C unit located in Ottawa 142, making a total of 831. That is a steady reduction and a substantial one too, as it ought to be.

Mr. MANION: What does the minister mean by C unit?

Mr. BELAND: There are a number of units in Canada, I think nine in all. There are three in Ontario—eastern Ontario, central Ontario, and western Ontario. The work done in each district of course influences the number of staff required. The eastern Ontario unit has its headquarters in Ottawa, the central Ontario unit in Toronto and the western Ontario unit in London.

Mr. MANION: Would the figures 689 given by the minister a minute ago include C unit?

Mr. BELAND: No.

Mr. MANION: What would the staff be at the present time including C unit?

Mr. BELAND: I gave the figures a moment ago.

Mr. MANION: That was for 1923.

Mr. BELAND: Yes.

Mr. MANION: Is the staff the same, or practically so at the present time?

Mr. BELAND: I will repeat the figures. There were 689 plus 142, a total of 831.

Mr. MANION: What do the figures 741 mean in the statement given to me some time ago? In the statement signed by the deputy minister it was stated there were 741 at the head office which included the easten Ontario unit?

Mr. BELAND: That might be attributable to a difference in the date. I have the date here, December 31, 1923, for the figures I have quoted above.

Mr. GUTHRIE: Just a word or two in reply to the explanation offered by the minister in regard to the expenditure of his department. The figures I gave had reference to the vote that is now before the House for this department, and the same vote that was before the House last year. Last year—1923-24—the expenditure asked was $13,264,000. This year—1924-25—the total expenditure asked is $9,550,000. Of last year's expenditure the sum of six millions odd was spent in the salaries of officials, and if you analyze the figures you will find that is exactly 44.87, almost 45 per cent of the total amount voted for the Department of Soldiers' Civil Re-establishment. Now the minister says that the same percentages, or worse, prevailed under the previous government. They did not prevail under the previous government.

Mr. BELAND: They did.

Mr. GUTHRIE: Well, I will give my hon. friend these percentages. I start in the year 1920 and the total amount that was expended according to the Auditor General's report was $47,198,718.19. The total amount spent for salaries was $9,660,283.85, which was 20.47 per cent of the total expenditure. This year for salaries the percentage is 44.87 of the amount voted for the Department of Soldiers' Civil Re-establishment. Of course, the minister can get away from that by lugging in, as he has done, the pension expenditure of $32,000,000. There is not much administration in regard to the pension expenditure. I grant that a good deal of administration is still required in regard to the hospitals, in regard to the care and treatment of ex-soldiers; but the mere issue of cheques for one month, or for three months, requires little but clerical assistance; and the main charge for salaries in respect of pensions was $21,406.48 in the year 1923 according to page YY-176 of the Auditor General's report. But the total expenditure for salaries was $6,000,000. Now, my hon. friend says "Why not consider that the payment of a salary to a nurse, the payment of a salary to a physician, is a payment directly for the benefit of the soldier?"

Mr. BELAND: Hear, hear.

Mr. GUTHRIE: I suppose on the same principle the salary of the minister, or of the deputy minister, might be considered a payment for the benefit of the soldier. Why, the office of Minister of Soldiers' Civil Re-establishment only exists by reason of the fact that there are disabled soldiers that have to be taken care of. If the salary of a medical man is to be considered as a direct or indirect payment to the soldier, so I believe you might view the salary of every official in the Department of Soldiers' Civil Re-establishment. But I do not view the salaries in that way, and what shocked me, and what will shock the minister, is the small amount that goes in payments to soldiers and their dependents out of this vote of $13,000,000. Mark you, Mr. Chairman, it is $4,309,000 odd and for salaries $6,000,000 odd. Out of this vote the payments for administrative charges for hospitals—other than salaries—maintenance, hospital supplies, transportation, contingencies and so on, amount to $3,065,000 odd. Come back to percentages again if you will. They are: For salaries 44.87 per cent; for administration of hospitals, supplies, and the like 22.92 per cent; for payments of soldiers and their dependents 32.21 per cent. Everyone knows if you add to that amount the thirty, thirty-five or forty million dollars that is paid out for pensions you can reduce these percentages very materially, you can make them practically valueless. But the vote we are dealing with to-night is the vote for the Department of Soldiers' Civil Re-establishment. We know what it is, we know what we voted last year and we know from the report of the Auditor General last year just how much money was expended.

Mr. BELAND: We do.

Mr. GUTHRIE: If there is any doubt about these payments for salaries I can give the minister every page of the Auditor General's report where the amounts have been computed, the page where every item appears.

Mr. CARROLL: Does the hon. member not think that, notwithstanding the fact that the cost of looking after the returned soldiers is getting less, it is necessary to have the same number of officials in various parts of the country to look after them as they had two years ago?

Mr. GUTHRIE: Oh no, the figures do not show that. The minister has substantially reduced the number. The figures now show that the total number of officials is 3,094 and the total number of patients 3,444.

Mr. CARROLL: Has the proportion of salaries paid to returned soldiers gone down?

Mr. GUTHRIE: No.

Mr. CARROLL: Could it go down in the same proportion?

Mr. GUTHRIE: Yes, in my judgment it could.

Mr. BELAND: I take issue with my hon. friend.

Mr. GUTHRIE: You have already done so.

Mr. BELAND: Does the hon. member say that the staff should be reduced in proportion to the reduction in the number of the men that are being treated?

Mr. GUTHRIE: I say there should be substantial reductions both in the staff and in the salary.

Mr. BELAND: A proportionate reduction?

Mr. GUTHRIE: I said substantial—not proportionate. I will give the reductions as they have taken place. The salaries were as follows:

1920..	$ 9,666,283 85
1921..	10,673,473 64
1922 (March 31)..	6,921,432 62
1923..	6,000,649 30

That is a decrease from March, 1921, to March, 1922, of approximately $4,000,000. Between March, 1922 and 1923, the decrease was $921,000. Taking this by percentages alone in 1920, the salaries represented 20.47 of the total expenditure of the Department of Soldiers' Civil Re-establishment, excluding pensioners. In 1921 it was 29.43 per cent. In 1922 the salaries represented 38.84 per cent, and in 1923 it got up to 44.87 per cent. That calculation is based upon the amount spent by the department out of the vote which we pass annually for that department, and is exclusive of those payments which my hon. friend the minister sought to work in for pensions and the like.

Mr. BELAND: No, no.

Mr. GUTHRIE: I do not take that into consideration in the account which I have submitted. I am dealing solely and only with the vote submitted by the department last year. I take the vote submitted last year and the money spent last year, according to the Auditor General's report.

Mr. BELAND: My hon. friend must keep in mind that when we vote $32,000,000 odd for pensions, not one dollar of that will go for administration. The money which we vote tonight will be for the purpose of administering pensions. Now my hon. friend has made some allusion to the decrease in the work of the department. In some respects there is a substantial decrease in the work, but in others there is a substantial increase. Take, for instance, the case of the Imperial pensioners in Canada; we had about four or five thousand formerly; we have now eighteen thousand Imperial pensioners in this country.

Mr. CLARK: How much does it cost to administer?

Mr. BELAND: Six or seven hundred thousand dollars. The money is refunded.

Mr. CLARK: What is the cost of administration in regard to the 18,000 Imperial pensioners?

Mr. BELAND: I have not the figures before me, but this is only to show that in some regard the work of the department has increased considerably.

Mr. CLARK: We get all that back, do we not?

Mr. BELAND: Yes, but still we have to do the work. Perhaps it is a little more work if we get it back .

Mr. CLARK: But that does not increase the cost to the department.

Mr. BELAND: No, but we vote the money.

Mr. MANION: When the minister spoke about the number of Imperial pensions having increased, he said in some regards they had increased. Are there any other branches that have increased besides Imperial pensioners?

Mr. BELAND: I think the number of pensioners has increased.

Mr. MANION: The figure is less than last year.

Mr. BELAND: I think it is about the same.

Mr. ROSS (Kingston): I have some proposals to make in regard to the reduction of this work. I do not intend to make my proposals tonight, but will the hon. minister

give me some information which I wish to incorporate in what I am going to say? For instance, can he give me the number of medical officers employed at present in the St. Anne Hospital, Montreal?

Mr. BELAND: Five full times and five half times.

Mr. ROSS (Kingston): These do not include medical officers in connection with D. unit.

Mr. BELAND: No.

Mr. ROSS (Kingston): That is separate?

Mr. BELAND: Yes.

Mr. ROSS (Kingston): How many nurses are employed?

Mr. BELAND: Thirty-five nurses in St. Anne Hospital.

Mr. ROSS (Kingston): How many dietitians are employed there?

Mr. BELAND: One.

Mr. ROSS (Kingston): How many bed patients are there in the hospital?

Mr. BELAND: There are 462 patients.

Mr. ROSS (Kingston): How many are up, and how many are in bed?

Mr. BELAND: I am sorry, I am unable to say how many patients are actually in bed.

Mr. ROSS (Kingston): Will the minister tell me how many medical officers are employed in Christie Street hospital, Toronto?

Mr. BELAND: Seven full time and six part time.

Mr. ROSS (Kingston): How many nurses?

Mr. BELAND: Fifty-four.

Mr. ROSS (Kingston): How many dietitians?

Mr. BELAND: Two.

Mr. ROSS (Kingston): How many patients?

Mr. BELAND: There are 409 patients.

Mr. CARROLL: Referring to the assertion made by my hon. friend from South Wellington (Mr. Guthrie) with regard to the proportion of the decrease of the cost in administering the act, I would like to point out to him and the committee that in a hospital it is absolutely impossible to have a proportionate decrease in expenditure, so far as officials are concerned and so far as patients are concerned. In the Camp Hill hospital in Halifax some years ago they had four or five hundred patients. I presume at one time they had upwards of a thousand. The various doctors were looking after these people. When they had a thousand patients it was absolutely necessary to have the medical attendance, but they would require the ordinary medical attendance if they had only fifteen—

Mr. MANION: Surely my hon. friend would not claim for a minute that the doctors should be paid the same salary for looking after a small number of patients? Could they not be paid for part time?

Mr. CARROLL: That is not the question that the hon. member for South Wellington (Mr. Guthrie), brought before the House at all. He said that the fee should be proportionate. My hon. friend is a medical doctor, and so is his deskmate (Mr. MacLaren), who are good friends of the soldiers and who both are returned soldiers. But I went into this matter last November with the various departments of Camp Hill hospital. I am interested in this matter as a citizen, and I wanted to find out exactly where Camp Hill hospital stood as regards the proportionate decrease in attendance of patients and everything else. They have their specialists who come certain days in the week. You cannot get a specialist to go to a hospital—I do not care if it is a soldiers' hospital or any other kind of a hospital—without paying his fee. They go on certain occasions and they receive the same fees. If there are ten patients in Camp Hill hospital now as compared with 1,000 patients three years ago, there cannot be the same proportionate decrease in expenditure.

Mr. MANION: Not the proportionate decrease.

Mr. CARROLL: I appeal to my hon. friends as men who know something about this, to be fair.

Mr. MANION: I agree that the proportionate decrease would not be as one thousand to ten, but the hon. member stated that you practically have to pay the same money to the doctors.

Mr. CARROLL: No.

Mr. MANION: He denies it now.

Mr. CARROLL: I am discussing a statement made by the hon. member for South Wellington (Mr. Guthrie), who ordinarily is a fair-minded man, a man for whom I have every respect. He stated, as I understood it

and as, I think, the minister understood it when he replied, that the decrease should be proportionate.

Mr. MANION: He denied afterwards that he said that.

Mr. CARROLL: He said it. I will wager that his name will appear in Hansard as having said that very thing. It is just as well for us to consider everything in connection with this matter. Various hospitals have been closed down in this country and the decrease there, of course, is not proportionate to the decrease in the number of patients who may be in the district, because those patients will be sent to some other hospital. I appeal to my hon. friends who know something about this matter, that if there be ten, fifteen, or twenty patients in a hospital, outside of nursing care, you are not going to get doctors in this country for nothing. They may, of course, be part-time men. I know medical men who visit Camp Hill hospital at the present time to see friends, and who do that gratis, who charge no fees, who are not connected with the Department of Soldiers' Civil Re-establishment or the Pensions Commission in any way. At the same time, after some consideration of the matter, I submit that a proportionate decrease is absolutely impossible, because you must have the hospital, you must have the attendants in smaller numbers, you must have the doctors to look after the various cases. If there is a case of incipient insanity, you must bring in a doctor who will be able to cope with the matter. If there is a case of tuberculosis amongst the ten patients that I have mentioned, you must bring in a doctor who is able to cope with a case of tuberculosis. If there is a case of kidney trouble and the department requires a certificate or description of the man's case, you must bring in a specialist in that disease. In that way I say that the hon. member for South Wellington is rather wrong in his analysis of the whole situation; that the decrease as regards the officials is not and cannot be proportionate to the decrease as regards the patients. I am one of those who think that, whatever amount of money is necessary to look after the unfortunate patients who are in our hospitals at the present time, it does not matter whether it is proportionate to the number of patients or not. The patients should have absolutely the same attention and care if there are only ten as if there were one thousand. I find fault sometimes with my hon. friends on the other side of the House, and I sometimes find fault with the Minister of Public Health and the minister who looks after the Soldiers' Civil Re-establishment and pensions. I feel that hospitals in this country were closed down without justification, and that if there were fifteen or twenty patients to be treated in a district, the hospital should be kept open. When those men were asked to enlist in Canada, they were promised everything; they were promised that nothing that Canada could do for them would be too good. Nevertheless, I find some hon. gentlemen—I am glad to say there are not returned soldiers amongst them—on the other side of the House and sometimes on this side, who complain about the amount of money which the Department of Soldiers' Civil Re-establishment and the Pensions Commission are costing this country. Personally, while I feel that we must act carefully and justify the various steps that we take, we must still continue for years to come to give our returned soldiers, who happened to come back to this country in an unfortunate condition of health, the very best of care that this country can give them. If we do that, the hon. member for South Wellington is far wrong in his suggestion that the number of officials who are treating those patients or the officials in connection with the Department of Soldiers' Civil Re-establishment is over-proportioned to the number of patients who are being treated.

Mr. MANION: I should like to say a few words in reply to the hon. member, because the impression might be left from his remarks that the hon. member for South Wellington suggested not giving proper attention to the soldiers or the pensioners.

Mr. CARROLL: I did not say that.

Mr. MANION: I know, but that impression might easily be drawn from my hon. friend's remarks, and I know the hon. member for South Wellington well enough to be quite certain that he meant no such thing. In fact, he made himself pretty clear in the matter. I doubt if there is anybody on either side of this House who does not wish to give every degree of justice to soldiers, particularly who are ill and to those who require pensions. I am quite sure that applies 100 per cent to the whole House. There are differences of opinion as to how that should be done, and it is the duty of this House and members like the hon. member for South Wellington, if they see a loophole through which money is being spent which is not being given to the soldiers, to point it out to the House and to the minister in the hope of having the matter corrected. While I in a general way agree

with the hon. member's remarks that the staff generally cannot be reduced in proportion as the number of patients is reduced, at the same time, according to the figures which I hold in my hand, the proportionate reduction in the staff is nearly the same as that in the number of patients. In 1922, there were 4,307 patients and 4,367 of a staff.

Mr. CARROLL: Was that not what the hon. member for South Wellington complained about, that they were not proportionate?

Mr. MANION: My hon. friend complains that it is impossible for them to be proportionate.

Mr. CARROLL: Yes.

Mr. MANION: They were nearly proportionate. In 1923, there were 3,744 patients with 3,524 of a staff. This year there are 3,444 patients with 3,094 of a staff. Roughly the decrease is proportionate. In fact, the decrease in the staff has been greater than the decrease in the number of patients.

Mr. CARROLL: My hon. friend does not agree with his friend the hon. member for South Wellington.

Mr. MANION: I do not know exactly what my hon. friend means by not agreeing with the hon. member for South Wellington.

Mr. BELAND: The hon. member had better stick to his own ideas.

Mr. MANION: I am pointing out that there is more or less of a proportionate decrease in the staff and the number of patients. I agree that you cannot make a cast iron rule in this case. I do not agree with my hon. friend when he says that ten or fifteen patients must receive the same care as 1,000 patients. That was the expression he used. As a matter of fact, when you get down to a low number of patients you naturally can put the doctors on part time and pay them according to the work they do. Certainly for 100 patients you should not have to pay for anything like the same amount of medical attention as you do for 1,000 men, and of course for 15 you would pay enormously less in proportion. You pay the medical men in proportion to the work they do, and as a matter of fact that is what the department has generally done. In my own city for example there was a medical officer doing work for the department. He was not giving full time and was receiving $200 a month a year or two ago. To-day he receives half that because the work has decreased. It is true doctors must be paid, but they are paid in proportion to the work they do. Now, Mr. Chairman, I suggest to the minister that as it is 11.45 we adjourn. There is bound to be further discussion on this item and it would be well for the minister to report progress.

Mr. BELAND: I have no objection, but we have passed only one small item. I would suggest that we allow this item to carry, with the understanding that the discussion can be held later.

Mr. MANION: I do not want the minister to think that we are trying to obstruct; there will be no obstruction at all. But hon. members wish to discuss this item further and I would suggest that he move the adjournment.

Mr. ROSS (Kingston): There are just one or two points on which I should like some information before we adjourn to-night. What institutions of the department are at present in operation?

Mr. BELAND: We have only two, Mowat in Kingston and the Central Alberta in Calgary. These are two exclusively tubercular institutions.

Mr. CLARK: What about Tranquille?

Mr. BELAND: It is not operated by the department. I take it that the hon. member is referring to institutions that are entirely operated by the department, of which we have two.

Mr. ROSS (Kingston): I wish to know what institutions for treatment of tuberculosis are wholly under the control of the department, and the minister says there are two. At the present time he is proposing to relieve himself of the Mowat memorial hospital.

Mr. BELAND: Yes.

Mr. ROSS (Kingston): And to hand it over to the provincial authorities or some one else.

Mr. BELAND: To the owners; the hospital is under lease.

Mr. ROSS (Kingston): The point I want to make when the matter comes up for discussion again is that this is only shifting the responsibility in this matter. I will criticise the department in this respect, and at the same time I shall have some suggestions to offer as to how the department could carry its responsibility and still relieve itself of a good deal of its burden. At present, however, the minister says there are only two such institutions. Are there any tubercular cases in Gravenhurst?

Mr. BELAND: There are 32.

Mr. ROSS (Kingston): Can the minister tell us how many ex-service men are in Gravenhurst not under the care of the Department of Soldiers' Civil Re-establishment?

Mr. BELAND: I have not the information.

Mr. ROSS (Kingston): Does the minister not know how many there are in that institution not receiving support from the department?

Mr. BELAND: I have no idea.

Mr. ROSS (Kingston): Does the minister know there are nearly 30?

Mr. BELAND: I do not know.

Mr. CHURCH: Are you paying for Canadian tubercular patients in the United States and England? The annual report says there are 95 such patients.

Mr. BELAND: We have tubercular patients in the United States and in the British Isles, yes.

Mr. HUMPHREY: Will the minister have available, when next this matter comes up, information as to the number of the staff in the British Columbia unit—Unit J.—on part time as well as those on full time, including medical officers of the Department of Soldiers' Civil Re-establishment?

Mr. BELAND: The hon. member is referring to the number of officials and doctors?

Mr. HUMPHREY: The officials and doctors of the medical examination branch and the travelling boards.

Mr. BELAND: Is my hon. friend referring to Vancouver?

Mr. HUMPHREY: No, I am referring to the whole province.

Mr. BELAND: We have in J. Unit 6 medical men on full time and six on part time. In Shaughnessy hospital we have three on full time and four on part time. In Victoria we have two medical representatives, one is on full time and one on part time; and in Kamloops we have one representative on part time. This makes a total for that unit of ten on full time and twelve on part time.

Mr. HUMPHREY: Has the minister any information available for the year 1921 in regard to this particular matter?

[Mr. A. E. Ross.]

Mr. BELAND: On January 1, 1922, in that unit there were seventeen on full time and twenty on part time. I move, Mr. Chairman, that the committee rise and report progress.

The CHAIRMAN: Item 292 has been agreed to. This item stands.

Progress reported.

CIVIL SERVICE SUPERANNUATION

APPOINTMENT OF SPECIAL COMMITTEE

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the permission of the House I should like to move the following resolution:

That said bill be referred to a special committee of the members of this House, with instructions to send for persons, papers and records and to report from time to time.

Motion agreed to.

On motion of Mr. Mackenzie King the House adjourned at 11.55 p.m.

Wednesday, May 28, 1924

The House met at three o'clock.

SELECT STANDING COMMITTEES

INDUSTRIAL AND INTERNATIONAL RELATIONS

Mr. W. F. CARROLL (Cape Breton South and Richmond), presented the first report of the select standing committee on Industrial and International Relations recommending that the committee be given leave to have their proceedings printed from day to day for use of members when deemed advisable.

On motion of Mr. Carroll the report was concurred in.

PRIVILEGES AND ELECTIONS

On the motion of the Right Hon. W. L. Mackenzie King (Prime Minister) the names of Messrs. Hanson and Stewart (Leeds) were substituted for those of Messrs. Baxter and Black (Yukon) on the select standing committee on Privileges and Elections.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

EMPLOYMENT OF CHINESE ON STEAMSHIPS

Mr. NEILL:

The House having been informed on April 28th, 1924, that the Department of Immigration and Colonization had been asked and had given consent to the request of the British Empire Steel Corporation to be allowed to bring one hundred and five Chinese from England to be employed on certain boats of the company plying between the ports of Sydney, Louisburg, Halifax, St. John and Montreal, and that a bond had been deposited

by the company "which would be retained until the department is satisfied that all the Chinese covered by same have been checked out of Canada."

1. If this consent was granted under the provisions of the Chinese Immigration Act of 1923, under what section is the authority to be found?

2. If not under said act, under what other act and section can said authority be found?

3. Prior to granting such consent had the attention of the department been directed to the provision of—(a) section 52 of the Immigration Act of 1910, being chapter 27 as re-enacted by subsection 3 of section 24 of the Immigration Act 1919, (b) section 1 of the Alien Labour Act, being chapter 97 of the Revised Statutes of 1906?

Hon. Mr. ROBB:

1. There is nothing in the Immigration Act and regulations or the Chinese Immigration Act of 1923, which strictly applies in a case of this kind. There are, however, precedents for the action taken by the Department of Immigration and Colonization. The practice of allowing Chinese to be brought forward for temporary employment on steamships during the summer months has been followed for a number of years past. In August, 1912, a Chinese crew of twenty-three was allowed to come forward for employment on the steamship Lingan. In August, 1914, a Chinese crew of thirty-three was brought out for the steamship Lingan. In December, 1915, four Chinese came forward for the same vessel. Again in August, 1916, thirty-three came out for the Lingan and thirty-two for the Hochelaga. Also in August, 1916, a Chinese crew of thirty-four was allowed to come forward for work on the steamship Rosecastle. In June, 1917, the Dominion Steel Corporation wrote the department that it was practically impossible to maintain native crews on their steamers, and one hundred and eight Chinese were brought from England for work on six of the company's coastal steamers. Also in June, 1917, twenty-seven Chinese were brought forward for the steamship Maskinonge. Again in February, 1923, seven Chinese came forward from England for employment on the steamship Kamaraska. In June, 1923, twenty were brought from England to man the steamship Rosecastle. In all of these cases a bond was furnished as a guarantee that the Chinese would be returned from Canada, at the conclusion of their employment, and the conditions of the bond were complied with. It must be remembered that in none of the cases referred to were these Chinese admitted to Canada within the meaning of the Immigration Act, but were simply allowed to come to Canada temporarily.

2. Answered by No. 1.

3. No.

ENFORCEMENT OF ALIEN LABOUR ACT

Mr. CHURCH:

1. Who is in charge of the enforcement of the Alien Labour Act?

2. How many American citizens have been admitted into Canada during the past two years and crossed the border to take positions with the Canadian National Railways and the Canadian Pacific Railway?

3. Are returned men and other Canadian citizens being discharged by the dining car department of the Canadian National Railways and the Canadian Pacific Railway and their places in Canada taken by coloured American citizens at cut wages?

4. Is it a fact the Canadian National Railways dining car department are constantly employing help from Chicago to work on trains in Canada while returned men are to be seen walking the streets begging for employment and while returned men in this department are being let out?

5. Do the Canadian National Railway Company's reports for income tax returns show that a large percentage of former Grand Trunk employees are American citizens?

6. What percentage of employees are Americans in this department?

Hon. Mr. COPP:

1. The Alien Labour Act, chapter 97 of the Revised Statutes of Canada, does not provide that it shall be administered by any department of the government. Section 5 of the act provides that, with the consent of the Attorney-General of the province in which the prosecution is had or of a judge of a superior county count, fines provided by the act may be recovered on a summary conviction, and such proceedings may be taken by any person desiring the enforcement of the act.

2. The manner of tabulating statistics does not disclose the information desired.

3. No; so far as question applies to Canadian National Railways.

4. No.

5. No.

6. As to Canadian National Railways—could be determined only by taking a census of all employees.

HOTEL SCRIBE

Sir HENRY DRAYTON:

1. What are the names and addresses of the persons, firms or corporations receiving, and how much did each receive of the $733,693 paid in respect of the Hotel Scribe for taxes, imposts, removal of tenants, etc., and for which such purposes was each payment made?

2. What does the government cover under the term "etc." used in its answer with respect to the Scribe Hotel and given on May 14, 1924?

Hon. Mr. GRAHAM:

Statement re purchase of Hotel Scribe as of date April 30th, 1924

	francs
Purchase of property	28,000,000
Registration fee	3,360,000
Registration of mortgage	750,000

Delay, holder of option	600,000
Grand café	3,710,000
Draft on Bankers' Trust	20,000
Legal fees	60,000
Taking up option on purchase	1,735,000
Payments to architects	192,626
Jockey Club, on account of dispossession	212,950
Cash in hand	1,720,000
	40,360,576

DEVELOPMENT OF OIL OR CARBON-BLACK

Mr. KENNEDY (Edmonton):

1. Has Mr. A. A. Rogers acquired land or lands near Peace river or elsewhere in the province of Alberta by lease or otherwise, on his own behalf or on behalf of others, or himself and others, for the development of oil or carbon-black?

2. If so, what land or lands, (a) in the vicinity of Peace river; (b) elsewhere in Alberta?

3. Has agreement been entered into between Mr. A. A. Rogers or others, or himself and others and the government, regarding the production of carbon-black as to (a) the extent of investment; (b) the time within which development must commence; (c) the rate at which it must proceed?

4. Has Mr. A. A. Rogers held oil lands by lease or otherwise in the vicinity of Peace river or elsewhere in Alberta in partnership with Mr. H. L. Williams?

Hon. Mr. STEWART (Minister of the Interior):

1. Yes.

2. (a)

Part of	Sec.	Tp.	Rge.	Mer.
L.S. 11 and that portion lying East of Peace river of				
S.W. ¼ of	28	84	21	W. 5
S.W. ¼	14	87	20	W. 5
and those portions lying east of Peace river of L				
S. 1 and 8	15	87	20	W. 5
Those portions lying east				
of river of L.S.'s. 12 and 13	16	86	20	W. 5
and L.S. 9 of	17	86	20	W. 5
L.S's. 7, 10 and 15	21	84	21	W. 5
West half	15	86	21	W. 5
East half	16	86	21	W. 5
L.S. 16	21	86	20	W. 5
N.W. ¼ and L.S's. 15 and 16	12	86	21	W. 5
L.S. 3 and W. ½ L.S. 6	32	85	21	W. 5
L.S.'s. 13 and 14	34	84	20	W. 5
L.S. 13	33	85	21	W. 5
L.S's. 2 and 7	2	86	21	W. 5
L.S. 9	32	85	21	W. 5
L.S's. 11, 13, 14 and 15	34	85	20	W. 5
L.S's. 9, 10 and 16	34	84	20	W. 5
L.S. 12	35	84	20	W. 5
N.E. ¼	23	85	20	W. 5
W. ½	1	85	20	W. 5
N.W. ¼	25	85	20	W. 5
S.E. ¼	35	85	20	W. 5
S.W. ¼	36	85	20	W. 5

[Mr. Graham.]

Part of	Sec.	Tp.	Rge.	Mer.
N.W. ¼ and L.S's. 15 and 16	4	87	20	W. 5
L.S's. 9 and 16	5	87	20	W. 5
All	7	87	20	W. 5
All	8	87	20	W. 5
S. ½	9	87	20	W. 5
Those portions lying west of river of L.S. 4 and S ½ L. S.5	28	86	20	W. 5
L.S's. 1, 2 and 7	27	85	20	W. 5
L.S's. 7 and 8	4	85	20	W. 5
Those portions lying west of river of N.W. ¼	5	88	20	W. 5
and of	8	88	20	W. 5
and of	9	88	20	W. 5
N.E. ¼	12	87	21	W. 5
All	13	87	21	W. 5
All	24	87	21	W. 5
S. ½	25	87	21	W. 5
L.S's. 1, 7 and 8	26	87	21	W. 5
L.S's. 13 and 14	7	84	20	W. 5
W. ½	18	84	20	W. 5
L.S. 8	7	84	20	W. 5
S. ½, N.W. ¼ and L.S's. 10 and 15	19	87	20	W. 5
S. ½ and L.S. 11 and 12	20	87	20	W. 5
W. ½	30	87	20	W. 5
W. ½ and N.E. ¼	31	87	20	W. 5
N.E. ¼	25	87	21	W. 5
L.S's. 12, 13 and 14	16	86	21	W. 5
N. ½	19	86	21	W. 5
L.S's. 3, 4 and 6	30	86	21	W. 5
N.E. ¼ and L.S. 5, 12 13 and 14	6	86	21	W. 5
S.W. ¼ and L.S. 2	7	86	21	W. 5
N.E. ¼	3	86	21	W. 5
E. ½ and N.W. ¼	10	86	21	W. 5
L.S. 2	15	86	21	W. 5
N.W. ¼	8	86	21	W. 5
N.W. ¼	1	87	21	W. 5
All	2	87	21	W. 5
N. ½ and S.E. ¼	3	87	21	W. 5
All	10	87	21	W. 5
N. ½, S.W. ¼ and L.S's. 1 and 2	31	85	21	W. 5
L.S's. 1, 2 and 3	6	86	21	W. 5
L.S's. 10 and 15	36	84	20	W. 5
L.S's. 13 and 14	7	86	20	W. 5
L.S's. 12 and 13	17	86	20	W. 5
S.W. ¼	30	86	20	W. 5
L.S's. 5 and 6	3	86	20	W. 5
E. ½ and L.S's. 13 and 14	16	84	20	W. 5
N. ½ and L.S's. 4 and 5	17	84	20	W. 5
L.S's. 9, 15 and 16	19	86	20	W. 5
N.W. ¼ and L.S's. 5 and 6.	13	86	21	W. 5
E. ½ and S.W. ¼	14	86	21	W. 5
N.W. ¼ and L.S's. 10 and 15.	9	87	20	W. 5
W. ½ and L.S's. 2 and 7	16	87	20	W. 5
All	17	87	20	W. 5
All	18	87	20	W. 5
L.S. 8	3	85	20	W. 5

Part of	Sec.	Tp.	Rge.	Mer.
L.S's. 5 and 6..	3	87	21	W.5
N.½, S.W.¼ and L.S's. 2, 7 and 8..	4	87	21	W.5
E.½, S.W.¼ and L.S's. 11, 12 and 14..	5	87	21	W.5
W.½ and L.S's. 2, 7, 10 and 15..	25	87	20	W.5
N.½ and L.S's. 7 and 8..	34	87	20	W.5
N.½..	35	87	20	W.5
W.½ and L.S's. 2, 7, 10 and 15..	36	87	20	W.5
S.W.¼..	3	88	20	W.5
E.½..	32	86	20	W.5
E.½..	25	84	20	W.5
L.S. 8..	27	84	20	W.5
L.S. 16..	4	86	20	W.5
E.½..	9	86	20	W.5
L.S's. 4, 5, 12, 13 and 14.	10	86	20	W.5
N.W.¼..	4	86	20	W.5
N.E.¼ and L.S's. 7 and 8..	5	86	20	W.5
N.W.¼..	15	86	20	W.5
N.E.¼..	16	86	20	W.5
L.S's. 1 and 8..	21	86	20	W.5
L.S's. 9 and 10..	14	85	20	W.5
E.½, N.W.¼ and L.S. 5..	30	86	21	W.5
All..	31	86	21	W.5
All..	32	86	21	W.5
L.S's. 3 and 4..	3	87	21	W.5
L.S.1..	4	87	21	W.5
L.S's. 12, 13 and 14..	18	85	21	W.5
W.½..	19	85	21	W.5
L.S's. 10, 12, 13, 14 and 15.	18	86	20	W.5
L.S.14..	21	84	21	W.5
L.S. 2..	18	85	21	W.5
L.S. 4..	8	86	21	W.5
W.½..	13	85	20	W.5
L.S. 1..	9	86	21	W.5
L.S's. 6, 11 and 14..	5	86	21	W.5
L.S's. 1 and 8, and S.E.¼ L.S. 2..	8	86	21	W.5
L.S.5..	9	86	21	W.5
S.W.¼ of L.S. 2 and S.½ L.S. 3..	8	86	21	W.5
L.S's. 3 and 6..	34	85	21	W.5
L.S's. 11 and 12..	34	85	21	W.5
S.E.¼..	3	86	21	W.5
N.W.¼ and L.S's. 10 and 15..	5	87	20	W.5
All..	6	87	20	W.5
E.½ and S.W.¼..	1	87	21	W.5
L.S's. 1 and 8..	12	87	21	W.5
N.½..	35	86	21	W.5
Those portions lying to east of river of..	8	88	20	W.5
and	9	88	20	W.5
L.S's. 2 and 7	16	88	20	W.5
Those portions lying to east of river of S.E.¼..	5	88	20	W.5
Those portions lying to east of river of N.E.¼.. ..	5	88	20	W.5
L.S's. 11 and 14..	20	86	20	W.5
L.S's. 3 and 6..	20	86	20	W.5
L.S's. 2 and 7..	15	85	21	W.5
L.S.15..	15	85	21	W.5
L.S's. 4 and 15..	23	85	21	W.5
L.S. 10..	15	85	21	W.5
L.S. 13..	23	85	21	W.5
S.E.¼ and L.S's. 9 and 10	16	85	21	W.5
L.S's. 5, 11 and 12..	34	84	21	W.5
L.S. 13..	8	85	20	W.5
L.S. 16..	8	85	20	W.5
L.S. 1..	8	85	21	W.5
School Lands				
E.½..	11	87	20	W.5
All..	11	87	21	W.5
L.S. 16..	29	85	21	W.5
N.E.¼..	11	85	20	W.5
L.S. 1..	29	85	21	W.5
L.S. 6..	29	85	21	W.5

(b) No information.

3. Yes, with Canadian Petroleums, Limited.

(a) Yes.

(b) Yes.

(c) Yes.

4. No information.

DISMISSAL OF POSTMASTER AT LA TUQUE

Mr. DOUCET:

1. Was Mr. Willie Juneau, postmaster at La Tuque, in the electoral division of Champlain, Quebec, dismissed?

2. If so, was it for political partisanship?

3. Who laid the complaint and was an investigation held?

4. What evidence was given and by whom was such evidence given to support such finding?

Mr. MACKENZIE KING: In regard to this question and the following question, No. 17, the same information is requested under the heading of notice of motion for production of papers by the same hon. member. I think it is sufficient that the House would grant either one of those requests. I do not think they should be put in two forms.

Mr. SPEAKER: Question dropped.

INDUSTRIAL INVESTIGATOR, NOVA SCOTIA

Mr. WOODSWORTH:

1. Has J. C. Watters been appointed as an industrial investigator in the province of Nova Scotia?

2. If so, what are his duties?

3. By whom was he appointed?

4. To whom does he make his reports?

5. What is the salary?

Hon. Mr. COPP:

1. Yes, one month, from April 11 to May 11, 1924.

2. Making a survey of industrial conditions in the coal mine districts of Nova Scotia.

3. Department of Labour.

4. Department of Labour.

5. $250 per month.

CANADIAN NATIONAL RAILWAY LINES

Mr. BAXTER:

1. What mileage and what lines are embraced in what is termed "Duluth, Winnipeg and Pacific" lines of the Canadian National Railways as expressed in the statement published by the Statistical branch of the Department of Trade and Commerce?

2. What mileage and what lines are embraced in what is termed "New England lines" in the same publication?

3. What have been the total operating costs for the calendar years 1922 and 1923 of the Duluth, Winnipeg and Pacific lines and what have been the total operating revenues for the same period?

4. What have been the total operating costs for the calendar years 1922 and 1923 of the New England lines and what have been the total operating revenues for the same period?

5. What federal, state and municipal taxation in the United States of America and in each of them is paid in connection with lines of the C.N.R. in that territory?

Hon. Mr. GRAHAM: All the information in the first four questions will be distributed in a few minutes in the form of a printed report. No. 5 is now in hand.

EMPLOYMENT OF T. L. CORY

Mr. GRIMMER:

1. Was T. L. Cory ever retained or employed by the Department of Justice?

2. If so, for what period of time was he so employed and what was he paid?

3. Was he ever retained or employed by the Department of the Interior?

4. If so, for what period of time was he so employed and what was he paid?

5. During any such time was the said T. L. Cory's employment authorized under the provisions of the Civil Service Act, and if so, for what period?

6. What experience, if any, as a practising barrister did the said T. L. Cory have prior to being retained or employed by the Department of Justice?

7. Is the said T. L. Cory a son of the Deputy Minister of the Department of the Interior?

8. What are the names of the legal officers of the Department of the Interior, and what salary do they respectively receive?

9. Is one of the said legal officers of the Department of the Interior a son of W. W. Cory, Deputy Minister of the department?

10. Was he appointed to the department by open competitive examination, and if so, when?

Hon. Mr. LAPOINTE:

1. Yes. Legal services in sundry cases.

2. (a) October 5, 1920, to January 15, 1922, $2,922.60; (b) June 2, 1923, to September 21, 1923, $2,800. (Counsel for defence in Eskimo murder trials.)

3. Yes.

4. 8th February, 1922, to 1st June, 1923, and from the 22nd September, 1923, to the 12th April, 1924, $7,079.19.

5. January 12, 1924, to April 12, 1924, certificate Civil Service Commission.

6. Employed on graduation. Had usual legal training, also departmental experience and overseas active service.

[Mr. Copp.]

7. Yes.

8. K. R. Daly, $4,020; W. M. Cory, $2,700.

9. Yes.

10. Appointed to position of Junior Departmental Solicitor 1st August, 1922, by Civil Service Commission, as a result of a promotional competition.

CANADIAN NATIONAL RAILWAYS—ADVANCES

Sir HENRY DRAYTON:

1. Was the sum of $526,191,127.26 advanced on account of the railways now forming part of the National system (including the Intercolonial and railway capital) in the years 1915 to 1921, inclusive?

2. If not, what was the sum so advanced?

Hon. Mr. GRAHAM:

1 and 2. The total outlay for railway purposes in the period referred to was $526,191,127.26.

BRITISH EMPIRE STEEL CORPORATION

Sir HENRY DRAYTON:

1. On what date was the petition for supplementary letters patent of the British Empire Steel Corporation Limited, praying for an increase of capital to $500,000,000, received by the Department of the Secretary of State?

2. Did the Under Secretary of State prepare any memorandum holding that the applicants were not entitled as a right to the supplementary letters patent applied for and that the right of investigation therefore existed? If so, what was the date of such memorandum?

3. Was the said application subsequently withdrawn and if so, on what date?

4. Was such withdrawal made by telegram and if so, how did such telegram read?

Hon. Mr. COPP:

1. 14th May, 1920.

2. The Under-Secretary of State prepared a memorandum submitting for the consideration of the Secretary of State the question whether the applicants were entitled to supplementary letters patent as a matter of right and also the question of policy whether an investigation should be held.

3. Yes, on the 25th May, 1920.

4. Yes. Telegram reads:

A25 MOE. 57

Montreal, Que., 1025 A. 25, May.

THOMAS MULVEY,
Under-Secretary of State,
Ottawa, Ont.

On the urgent request of the Premier of Nova Scotia and others of his government we have decided to incorporate the British Empire Steel Corporation Limited under the laws of Nova Scotia and would therefore ask you to kindly allow us to withdraw our application for supplementary letters patent and return to us ur cheque for fee payable thereon.

MARKEY, SKINNER & HYDE.

QUESTION PASSED AS ORDER FOR RETURN

RELIEF OF UNEMPLOYMENT

Mr. CHURCH:

1. What amount was spent by the government of Canada in relieving unemployment in Canada, in Winnipeg, Hamilton, Toronto, Vancouver and Montreal during the past six years?

2. What sum respectively was spent by the (a) Dominion government, (b) the Provincial government, (c) the municipalities aforesaid, relieving unemployment in these five cities the past six years?

3. Did the government during these years have any agreement with the provinces and municipalities as to any form of relief? If so, what was the arrangement?

4. Are any steps being taken for next winter by the government alone or with the provinces or municipalities as to taking care of unemployment on the dumping of those out of work in the larger centres of population?

UNOPPOSED MOTIONS FOR PAPERS

DISMISSAL OF POSTMASTER AT LA TUQUE

Mr. DOUCET:

For a copy of all correspondence and other documents exchanged between the Postmaster General or the government of Canada, the Civil Service Commission and all other persons since January 1st, 1922, to date on the subject of the dismissal of Willie Juneau, postmaster at La Tuque, Que., and the appointment of a new postmaster. Also a copy of the findings and reports of the investigation that was held on the said Juneau.

DISMISSAL OF POSTMASTER AT FOUR ROADS

Mr. DOUCET:

For a copy of all correspondence, petitions, and other documents exchanged between the Postmaster General or the government of Canada, and all other persons since July 1st, 1922, to date on the subject of the dismissal of Edward Gibbs, postmaster, at Four Roads, Gloucester county, New Brunswick. Also a copy of the reports of the investigation that was held, together with a copy of the findings of the investigator.

INQUIRY FOR RETURN

STE. ANNE DE BELLEVUE MILITARY HOSPITAL

On the Orders of the Day:

Hon. J. B. M. BAXTER (St. John City and Counties of St. John and Albert): In the absence of the hon. member for Royal (Mr. Jones), I should like to ask when we may expect to have brought down the return ordered on the 7th of April last with reference to the Ste. Anne de Bellevue Hospital. I think the information in connection with this would be pertinent to the discussion that is now under way with reference to certain estimates that were before the House last night. From the 7th April to the present time seems a most unreasonable delay in answering the four questions which were put and which, I think, could be answered without much difficulty.

Hon. H. S. BELAND (Minister of Soldiers' Civil Re-establishment): Does my hon. friend refer to an order of the House asking for some information?

Mr. BAXTER: This question was asked on the 7th of April by the hon. member for Royal:

Mr. Jones:

1. Whether the government employed resident and visiting physicians at the Ste. Anne de Bellevue Military Hospital during the years 1921, 1922 and 1923, and if so, what their names are.

2. What remuneration each one received.

3. Resident and visiting physicians for the year 1924.

4. Whether they receive an annual salary or a fee for each visit, and how much.

These questions were not answered as questions, but they were made an order for return. That simple matter has taken from the 7th April to the 28th May, and the answers are not here yet.

Mr. BELAND: I was under the impression that that return had been laid on the Table of the House. I am still under that impression, although I may be mistaken. Surely there is no desire on the part of the department to withhold any information in this connection. I shall be pleased to make an inquiry, and the return will be brought down immediately if it has not already been brought down.

Mr. BAXTER: It may have been brought down since the hon. member went to New Brunswick. When he left, he had not received the information.

Mr. BELAND: In connection with the observations made a few minutes ago by the hon. member for St. John and Albert (Mr. Baxter), I have before me the Votes and Proceedings of the 30th April, which show the following:

Mr. Béland, a member of the King's Privy Council, presented—Return to an order of the House of the 7th April, 1924, for a return showing:—

1. Whether the government employed resident and visiting physicians at the Ste.-Anne-de-Bellevue Military Hospital during the years 1921, 1922 and 1923, and if so, what their names are.

2. What remuneration each one received.

3. Resident and visiting physicians for the year 1924.

4. Whether they receive an annual salary or a fee for each visit, and how much.

This undoubtedly is the information to which my hon. friend referred. The return was tabled as I stated.

SWAMP LANDS FOR RECLAMATION

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Centre Winnipeg): I should like to ask the Minister

of the Interior whether it is true as reported that Mr. J. D. McArthur, of Winnipeg, has obtained permission from the Dominion government to purchase for reclamation by drainage certain swamp lands situated about Traverse bay in Manitoba in townships 15 to 19, range 8, 7 and 10, east of the principal meridian, comprising 89,642 acres.

Hon. CHARLES STEWART (Minister of the Interior): I could not answer my hon. friend offhand, but I will at once make inquiry and answer his question at the next sitting of the House.

Mr. WOODSWORTH: Is it the policy of the government to grant lands for reclamation to private individuals, or has the government considered the possibility of reclaiming these lands and letting the settlers have them at the lowest possible minimum?

Mr. STEWART (Argenteuil): It has been the policy of the government to grant to private parties lands for reclamation purposes throughout the three prairie provinces, but I could not offhand give my hon. friend the information with respect to this particular application. I should like to be certain about it.

DOMINION ELECTIONS ACT AMENDMENT

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Could the Minister of Justice indicate when he will probably go on with his bill in connection with the transferable vote?

Hon. ERNEST LAPOINTE (Minister of Justice): To-morrow the House does not sit, so that there will be only one more sitting this week. I suppose the middle of next week, if that suits my right hon. friend.

Mr. MEIGHEN: Any day will suit us.

LEAGUE OF NATIONS

TREATIES OF MUTUAL ASSISTANCE

On the Orders of the Day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): The leader of the opposition, (Mr. Meighen) asked me yesterday with respect to certain draft treaties of mutual guarantee and assistance. Resolution XIV of the Third Assembly of the League of Nations (1922) recommended for the consideration of the members of the league proposals made for a general treaty of mutual guarantee by the Temporary Mixed Commission. With regard to the adoption of a treaty of mutual guarantee binding the parties to it to render assistance to a country which is attacked, the Canadian government represented that, the national conditions and geographical situation of the Dominion made it difficult for Canada to agree to such a treaty without much consideration and reservation. It was pointed out that the intention was that the obligation to render assistance should be limited in principle to those countries situated in the same part of the globe; that while Canada was situated in the North American continent, she was a nation forming part of the British Empire and it therefore seemed difficult to devise a scheme which would give due effect to these conflicting considerations; it further seemed very unlikely that the Canadian people in the present circumstances would be prepared to consent to any agreement binding Canada to give assistance as proposed to other nations, and that therefore the government did not see its way to a participation in the treaty of mutual guarantee.

Following the 1923 Assembly of the League of Nations, a draft treaty of mutual assistance was also prepared by the Temporary Mixed Commission for the purpose of facilitating the reduction of armaments contemplated by the covenant of the league. Certain confidential observations of the Imperial government, relative to the provisions of the draft treaty, have been communicated to the government of Canada, the most recent despatch thereon having been received by me since the question of the right hon. the leader of the opposition in the House yesterday. The provisions of the draft treaty and observations thereon are at present under consideration by the government.

Mr. MEIGHEN: Would the Prime Minister give the date or the approximate date of the response of the Canadian government which he referred to first?

Mr. MACKENZIE KING: Speaking offhand, I think it was June of last year.

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTING

On the Orders of the Day:

Mr. C. A. GAUVREAU (Témiscouata): May I ask the Prime Minister when he proposes to have the House sit on Wednesday evenings?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think we shall take the views of the members through the Chief Whips on that point and give the House an answer in the course of a few days.

CANADIAN NATIONAL RAILWAYS

ANNUAL STATEMENT BY THE MINISTER OF RAILWAYS AND CANALS

Hon. J. A. ROBB (Acting Minister of Finance) moved that the House go into committee of Supply:

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): Mr. Speaker, it is customary for the Minister of Railways to present the annual statement of the Canadian National Railways and the Canadian Merchant Marine before the Speaker leaves the chair.

I have laid on the Table, and hon. members will I think find copies in their post office boxes, the report of the Canadian National Railways, the report of the Vermont Central Railway, and the report of the Canadian Government Merchant Marine. Now, treating this question is rather dry work and I fear I shall have to ask the House to be patient with me; but I can assure hon. gentlemen that the reading of the statements which I shall submit is no more monotonous to them than it is to myself. Of necessity I have to read these statements, and again I ask the indulgence of the House if there seems to prevail a general monotony in these presentations. First of all I will take up the Canadian Government Merchant Marine.

CANADIAN GOVERNMENT MERCHANT MARINE

The fifth annual report of the Canadian Government Merchant Marine, covering operations for the year 1923, is printed and is now being distributed. The gross revenues were $8,992,308 and the operating expenses, $10,856,601; entailing a deficit from operation of $1,864,293, compared with $2,384,189 in 1922. There was a decrease of $713,478 in gross revenue, a decrease of $1,233,374 in operating expenses and of $519,896 in the operating deficit. To the operating deficit is added accrued interest due the government, $4,495,184, and $3,008,192 for depreciation. These, with a reserve of $1,000 for doubtful debts and claims, bring the total loss for the year up to $9,368,670. The total deficit for the previous year was $9,649,478. The improvement therefore was $280,808.

Sir Henry Thornton's report is as follows:

The main reasons for the decrease in operating deficit were the cancellation of South American, Mediterranean and certain other unremunerative services, also the curtailment as far as possible of general expenses.

As a result of the strikes which occurred at Cardiff, Swansea, London, Antwerp and Vancouver, sailings were considerably interfered with and gross receipts and net earnings were in each case diminished.

Generally speaking full cargoes on outward trips were secured, but satisfactory cargoes were not obtainable for homeward trips, which naturally increased operating expenses out of all proportion to operating revenues.

During the year different vessels were chartered for carriage of grain on the Great Lakes and for carriage of pulpwood in the St. Lawrence Gulf trade.

Fleet—The fleet consists of sixty vessels, particulars of which are attached. The remaining four vessels previously included in the fleet, namely the "Canadian Settler," "Thos. J. Drummond," "J. A. McKee" and the "Sheba," were sold at satisfactory prices. Offers received for certain others were not sufficiently attractive to make acceptance advisable.

Insurance—Since April 1, 1923, insurance was provided out of the company's own insurance fund, the result being a credit balance of approximately $318,795.47, all of which is invested in Dominion of Canada bonds.

The vessels whether in active service or not have been kept in a high state of efficiency and repair.

No total losses occurred during the year and the number of minor accidents was small.

Trade Routes—In November, 1923, a new monthly service was inaugurated between Vancouver and the United Kingdom. It is expected that this will provide accommodation for farmers in the western provinces and shippers and exporters on the Pacific coast.

Eight of the smaller vessels have been utilized in the grain trade on the Great Lakes. Four of the vessels trading to United Kingdom ports were fitted in the spring for the carriage of cattle. During the St. Lawrence navigation season several of the smaller vessels were used in the carriage of pulpwood from the Maritime provinces to Quebec and Ontario points.

Recommendations—It is still the feeling of the directors that the recommendations made last year in regard to reduction of capital cost of the fleet and to the interest payable to the government should be carried out.

Management—The directors wish to record their appreciation of the satisfactory services rendered by the officers, employees and crews in the company's service during the year.

Mr. McMASTER: Does the minister include interest charges in the operating costs?

Mr. GRAHAM: We include a depreciation of $3,000,000.

Sir HENRY DRAYTON: And $4,000,000 in interest.

Mr. GRAHAM: Yes, but that is noted in the deficit; it is not included in the operating costs. In calculating the deficit, the sum of $4,000,000 due the government in interest is taken into account. I come now to the Canadian National Railways.

THE CANADIAN NATIONAL RAILWAYS

I am now in a position to bring down the detailed report on operations of the Canadian National System for 1923 which the Chairman and President of the Board of Directors, Sir Henry Thornton, has placed in my hands for presentation to parliament. Hon. gentlemen will appreciate that the first year's operation of the combined and consolidated system has been conducted under difficulties due to changes in management,

in location, in personnel and in administrative methods. The present management did not become wholly effective until May 1st, 1923, with the selection of Montreal as headquarters and the division of the immense territory covered by the system into separate regions for convenience of local administration and operation. This involved change of residence for the majority of the administrative and operative staffs, and the transfer and disturbance of records. All this tended to unsettlement, notwithstanding which the management has been able to build up a most effective operating machine, with an absence of friction and an esprit de corps that has resulted in an improvement of service that has been freely acknowledged by the patrons of the National lines.

While new methods have been required to cope with conditions involved by co-ordinated and consolidated management and operation, it has not, for various reasons, been possible to abandon corporate accounting and record. This also has tended to make difficult the earlier production of complete and detailed figures. However, I am now in a position to read to the House Sir Henry Thornton's first annual report of his stewardship, and that of his co-directors. It has been certified by the firm of auditors who conduct continuous audit of the books and accounts of the National System, and is in printed form, together with statistical detail. And when I lay the report on the Table of the House, before I sit down—as a matter of fact I have done this—copies of the report, with that of the Central Vermont separately printed, will be in the hands of the postal officials of the House and Senate for immediate distribution.

The report, which is dated May 1st, gives the steam operated mileage as 21,851 and divides it not only into regions but into mileage owned, mileage operated under lease or contract and mileage operated under trackage rights. Incidentally I may say that the report is accompanied by a very useful map which outlines the various operating regions in different colours.

Revenue and Expenses

The operating revenue for 1923 was $254,926,456, as compared with $234,059,025, in 1922 an increase of $20,867,431. The revenue is split into that derived from freight, from passenger, from mail and from miscellaneous services. All of these show increases with the exception of revenue from mails.

The working expenses for 1923 were $234,689,892, compared with $231,172,313, the previous year, an increase of $3,517,579. The working expenses are also split to show the customary detail, and the net earnings were $20,236,563, in contrast with $2,886,711 in 1922, an increase of $17,349,851.54. The operating ratio was 92.06.

The foregoing is a summary of a full page of figures. I will now proceed to read Sir Henry Thornton's report:

CANADIAN NATIONAL RAILWAYS—SIR HENRY THORNTON'S REPORT

Gross Earnings

The increase in revenues is particularly gratifying, and speaks for itself. An excellent crop contributed materially to this satisfactory showing. The fundamental necessity of the system is to build up its gross earnings to such a figure as will be consistent in some degree with its large mileage, and every effort is being addressed to this objective. Freight and passenger traffic returns for the year both show a material improvement over the previous year. With the single exception of September, when the grain movement was somewhat retarded, each month's gross revenue has shown a satisfactory increase over the corresponding month of 1922. The financial performance of the system will turn very largely upon the constantly increasing gross receipts, and the board notes with satisfaction the zeal and energy which the traffic department and all in the service of the company have displayed in this direction.

Operating Expenses

A comparison of operating expenses shows that there was a reduction of $841,760 in expenses chargeable to maintenance of way and structures, and of $3,984,380 in those attributable to maintenance of equipment.

With respect to maintenance of way and structures, the saving was largely the result of the performance of work during that season of the year when its accomplishment involved a minimum cost both from the point of view of price of labour and interruptions from traffic. Considerable attention was also given to improvement of work and the maintenance of certain sections of the system at a standard consistent with the character of the traffic. Notwithstanding a reduction in maintenance of way and structures expenses, the general standard of the roadbed has not only been maintained, but an improvement has been accomplished.

The reduction in expenses chargeable to maintenance of equipment is largely due to the fact that in the year 1922 a deferred maintenance of equipment reserve was created by charges amounting to $4,490,000 whereas in 1923 charges under this heading amounted to $801,402. The difference in these charges in 1923 as compared with 1922, amounted to $3,688,598. All deferred maintenance of equipment charges may now be considered as either having been overtaken or provided for in the above-mentioned reserve. The balance of the saving in maintenance of equipment expenses may be attributed to more economical working.

Mr. MEIGHEN: Will the hon. gentleman permit a question there? Other members may understand the matter, but I do not. What is really the significance of the last two sentences about the change of the reserve from 1922 explaining the change in the equipment expenses?

Mr. GRAHAM: There was, as I understand it, an equipment fund to catch up to what is termed deferred maintenance, that

is, maintenance that should have been paid for in the years before. This amount of $4,000,000 was set up as a reserve out of which to pay the deferred maintenance. As far as I understand it that is the explanation.

For the twelve months ended December 31, 1923, the average number of freight cars awaiting repairs represented 6.2 per cent of the total freight car equipment, as compared with an average of 8.2 per cent for what are termed "Class 1" railways in the United States. With respect to locomotives awaiting repairs on the Canadian National Railways, the average figure for 1923 was 22.88 per cent, while for "Class 1" American railways it was 21.35 per cent. From this it will be seen that the general condition of equipment on the Canadian National Railways was comparable with the better class railways across the border, and it is a reasonable deduction that expenses chargeable to maintenance of equipment are ample.

Transportation Expenses

Transportation expenses increased by $6,654,475 and absorbed 47.18 per cent of the gross earnings, as compared with 48.57 per cent in 1922, in the face of an increase in the gross earnings of $20,867,430. That is to say, gross earnings increased 8.9 per cent and expenses chargeable to moving the traffic increased 5.8 per cent. While these figures are indicative of a healthy improvement, a fruitful field for further reductions exists which will be cultivated with energy throughout the year 1924.

Transportation expenses vary with gross earnings, and the larger the volume of business the greater is the amount consumed in its movement. While such increases are inevitable the objective to be sought is a minimum increase in transportation expenses as gross receipts increase.

In the consideration of transportation expenses efficiency of organization plays a large part and it is fair to point out that the present transportation organization did not begin to function as an entity in all of its details until the latter part of the year. This is abundantly demonstrated by the fact that in the latter months of 1923 and the early months of 1924 the percentage of gross earnings absorbed by transportation expenses represented a constantly decreasing figure. It is not unreasonable to assume that these expenses in 1924 will show material improvement.

Traffic Expenses

Traffic expenses increased by $537,681. This was largely due to a more aggressive policy in the solicitation of business, advertising, and similar items. In view of the large increase in gross earnings, the increase in expenses chargeable to traffic is modest; indeed it is believed that a further increase in such expenses would be productive of a larger gross revenue. It is the intention of the administration actively to pursue this policy and, where an adequate return is assured, unhesitatingly to assume expense.

Prior to the consolidation certain expenditures required for developing traffic were postponed. These expenditures as well as those in connection with the new Colonization and Development Department were undertaken during the year and partly account for the increase in traffic expenses.

General Expenses

General expenses increased by $814,966. A large proportion of this was due to reorganization, the preparation and establishment of new offices, the moving of officers and employees to their new headquarters, much of which would naturally be expected in the adjustment of the new organization and will not be recurrent. Increases in law expenses, including litigation costs, and pensions accounted for about half of the increase in general expenses.

Income Items

In an examination of the income statement, a decrease of $2,170,286 will be observed in total non-operating income.

In 1922 substantial profits were made in exchange on purchase of sterling funds. In 1923 the profit was less by $1,000,000. In order to comply with the requirements of the Interstate Commerce Commission in connection with a settlement with the United States government for the guarantee period 1920 a debit of $1,457,562 was made against income account, with no corresponding entry for 1922. These two amounts were the main items producing the above decrease.

Might I point out here that when the United States government gave certain guarantees to the railways of the United States through what is known as the guarantee period, each railway was asked to present an account. I am told that the Grank Trunk and the Grand Trunk Western lines, in common with all the other lines in the United States, had not time to make out with any great accuracy a detailed report in 1920, but they put in their accounts an amount which they thought would cover what was due them under this guarantee. This year when the final accounts were adjusted it was discovered that the railways in the United States belonging to the Canadian National had an account that was top-heavy by $1,457,000. So that sum was charged against the income of the railway for 1923, although it is not really a proper charge for that account, but it had to be adjusted.

Sir HENRY DRAYTON: Had the larger item been taken into income before, although not paid?

Mr. GRAHAM: I think so.

Sir HENRY DRAYTON: Is my hon. friend clear about that? Of course, it would be quite improper to make the entry in this way unless that had been done.

Mr. GRAHAM: I am told that the larger amount had been carried forward in the books of the company.

Sir HENRY DRAYTON: That is very different from bringing it into income receipts.

Mr. GRAHAM: But it brings about the same net result whether it comes in by one door or the other.

Sir HENRY DRAYTON: In one case it comes in, in the other it stays out.

Mr. GRAHAM: The railway had to debit this item of $1,457,000 against income account in connection with the readjustment with the United States government.

Perhaps it would not be out of place to mention right here another item which this year is paid by the railway or charged up to it, but which never came to the accounts before, namely, an item in connection with Grand Trunk Pacific interest. It will be remembered that under the contract with the Grand Trunk Pacific that road was relieved from the payment of interest in respect of the mountain section for seven years, without recourse. The seven years have expired and this year that interest, amounting to $1,600,000, is charged up to the Canadian National Railways. If these two items of the expense charged this year to the Canadian National, and never heretofore charged, are deducted, a betterment will be shown of $3,000,000 in the Canadian National budget. After accounting for fixed charges and all increases the amount instead of being something over $6,000,000 is, with these two items considered, something over $9,000,000.

Mr. MEIGHEN: May I get that clear? Do I understand the minister to say that the Grand Trunk in respect of its contingent guarantee of Grand Trunk Pacific bond interest—

Mr. GRAHAM: No, that is not it.

Mr. MEIGHEN: Then I have not got it at all.

Mr. GRAHAM: I will get it right: For the first seven years the interest was payable by the government, under the contract. That seven years has expired. Now the interest is payable by the Canadian National Railways having taken over the Grand Trunk Pacific.

Mr. MEIGHEN: Did they pay it?

Mr. GRAHAM: It is charged up in their debit account—

Mr. MEIGHEN: But not paid.

Mr. GRAHAM: It is not paid, but it is charged up against the Canadian National Railways. This is the first year it has been so charged, but I may say, to be fair, that it will have to be charged against the Canadian National Railways every year hereafter.

Mr. MEIGHEN: And saved to the government.

[Mr. Graham.]

Mr. GRAHAM: The government paid it during the last seven years, but the government will not hereafter have to pay it, except as they meet deficits of the Canadian National Railways.

Hire of Freight Cars—Debit Balance

The assembling of cars for the western crop movement, and the inevitable delay resulting to coal cars used in accumulating a large reserve of fuel (which indications of a miners' strike made a proper precaution) necessarily resulted in a large increase in the amount paid to other carriers for use of cars. The results obtained, however, amply justified this course of action and the expenditure involved. Available car supply through this means was increased by 7.6 per cent. The service obtained per car per day was increased by 5.6 per cent, permitting additional freight tonnage to be handled, which, notwithstanding the lower average of freight rates, produced increased freight earnings of $15,457,000.

It is expected that still greater efficiency in car service will be obtained during the coming year, but this will not prevent a further increase in adverse per diem balance if revenue traffic continues to increase.

Balance Sheet

A consolidated balance sheet has been prepared which includes the capital accounts of the railways and subsidiary companies comprising the national system.

There are securities in the hands of the public of a total par value of $823,099,056. In addition to this, there is an amount expended by the government to construct and equip the Intercolonial and the Transcontinental, and to purchase various branches in the province of Quebec and in the Maritime provinces which form the old Canadian Government Railways, the capital investment and operations of which are duly set forth in the system consolidated balance sheet.

To those hon. members who possibly have not had an opportunity of studying that question I may say that on the expenditure on government railways there has never been any interest charged.

As shown in the income statement, fixed charges for the year total $65,199,323, being an increase of $5,798,847 over 1922, practically all of which was on account of interest charged by the government. Of the total fixed charges mentioned above, $35,041,380 was paid to the public.

To make that clear, let me interpolate this: While the government has advanced many millions to the Canadian National Railways, that interest is all taken into account, together with the interest due to the public, and it has been thought by some that the statement presented to the House from time to time by different governments included only the interest due the public and not the interest due the government. The statement as charged against the Canadian National Railways includes all the interest payable to the government and payable to the public as well.

Consideration is being given to the policy to be followed with respect to the capitalization of the system, and the extent to which, if at all, the advances

made and capital held by the government should be written down to a figure which may be regarded as consistent with the earning prospects of the railway. In the consideration of such a problem, the interests of the government, which is to say the people of Canada, must be given due weight. On the other hand it would seem unreasonable to burden the Canadian National Railways with a load which is beyond its conceivable earning capacity. The directors have this problem under consideration but before any definite recommendations can be made, a careful survey must be made of the capital position of the company, not only with a view to meeting the difficulty explained in this paragraph but also to simplifying and consolidating a variety of securities outstanding.

The following statement gives a concise picture of the position:

Securities held by public..	$ 823,099,056 10
Securities held by Dominion government..	33,048,000 00
Receiver's Certificates re Grand Trunk Pacific..	53,177,668 18
Loans from Dominion government including interest	580,314,081 34
Appropriations account Canadian Government Railways..	447,643,526 03
Governmental grants in aid of construction..	16,204,520 40
	$1,953,486,852 05

Finance

Of the $74,550,000 voted by parliament for the fiscal year ended March 31st, 1924, there was advanced in cash by the government to the company $24,550,000, the balance being represented by the $50,000,000 of thirty-year 5 per cent guaranteed bonds issued in February, 1924. As of August 1st last an issue was made of $22,-500,000 of the company's fifteen-year 5 per cent bonds guaranteed by the Dominion government, but additionally secured by $30,000,000 worth of equipment in connection with which the bonds were issued.

Mr. MACLEAN (York): Are all the liabilities in now?

Mr. GRAHAM: Each year the liabilities must increase, in one way, as against the increased earnings, as money is borrowed year by year either from the government or from the public.

Mr. MACLEAN (York): That will be new money.

Mr. GRAHAM: That will be new money, and an additional liability.

Mr. EULER: And additional assets, too.

Mr. GRAHAM: You get the asset in the improved condition of the road and in the purchase of rolling stock.

Traffic Movement

Freight tonnage increased by 18.2 per cent or 8,925,-416 tons. The average freight train load increased from 475 tons in 1922 to 504 tons in 1923. This was produced by operating efficiency and resulted in lower transportation costs. The volume of freight traffic movement increased 13.28 per cent namely from 16,432,787,616 ton miles in 1922 to 18,615,107,256 in 1923. As a result of organized preparation the company's share in moving the largest grain crop in the history of the country was performed satisfactorily and without any serious car shortage. The number of car loads of grain handled over the national lines to Vancouver increased by over 72 per cent. Business in central Canada was relatively good and on the United States lines of the system the freight traffic was particularly heavy during the year.

The increase in revenue tonnage handled was largely made up of increases in bituminous and anthracite coal and other mineral products. There were also increases in forest products and in unclassified manufactures and miscellaneous goods.

The lifting of the British embargo on Canadian cattle which permitted their admission for feeding purposes after April 1, had an appreciable effect on stock movements from the west, and while the business is handled at low rates, the extension of the market for Canadian cattle is expected to prove of considerable value.

The governments of Ontario and Alberta made an effort to substitute Alberta coal for United States anthracite consumed in Ontario, and in order to assist in the experiment the railway handled certain quantities at $7 and $9 per ton; the regular published rate being $12.70 per ton. It was hoped that this would induce reductions in other items contributing to the cost of coal, and result in effective competition with coal from the United States. The desired result was not achieved. Inasmuch as the $9 rate represented the bare out-of-pocket cost of transportation, the railway has been obliged to decline any reductions from the tariff rate which, if brought into effect, would materially deplete its gross earnings.

There was a slight increase in the number of passengers carried, but a substantial increase in length of haul. Steamship business by maritime ports shows a gratifying increase. The motor car is affecting the railway's short journey traffic considerably and while self-propelled units are being put in where justified, there is no doubt that a certain amount of business is lost to the railways through the growing use of motor cars, irrespective of the service given. The same applies to competition experienced by the express department from the use of motor trucks.

Rate Reductions

The decrease in average freight receipts per ton per mile from 1.033c. in 1922 to .995c. in 1923 is largely due to decreased freight rates, and partly to the relative quantities of commodities handled. This decline has seriously affected the net returns of the national system, the difference in the rate for the two years representing a loss in net revenue of $7,000,000.

The principal rate reductions which affected revenue in 1923 were as follows:

Application of Crowsnest pass basis of rates on grain and grain products, eastbound to head of lakes (reduction of approximately 33 1/3 per cent), effective July 6, 1922;

Reduction of 6 per cent in eastern Canada and 6½ per cent in western Canada in rates on basic commodities, effective August 1, 1922;

Reduction of 20 per cent in rates to Vancouver on export grain, effective August 1, 1922, and a further reduction of 10 per cent effective October 10, 1923;

Reduction in export rates on grain milled in transit of 2½ cents per 100 pounds from lower lake ports, effective May 15, 1923;

Removal of "Halifax Differential" of 1 cent per 100 pounds on overseas traffic in and out of Halifax, effective October 1, 1923;

Adjustment in rates in Prince Edward Island and other Maritime provinces, effective on various dates beginning May 29, 1923.

Railway freight rates in Canada are and have been for many years the lowest in the world. The average freight receipt per ton per mile for Canadian railways in 1914 was 0.742 cents. War time increases forced

this unit of earning up to a point approximately 75 per cent over the pre-war level. The series of reductions which began January 1, 1921, have substantially reduced this average so that in 1923 it stood at 0.980 or 32 per cent above the pre-war level. In contrast to this the average prices of labour, material and supplies prevailing in 1923 were somewhat in excess of 90 per cent over the pre-war scale.

The Canadian National railway system is the property of the people of Canada, and it is for the people, through their duly elected parliamentary representatives and the Board of Railway Commissioners, to determine what the freight and passenger rate policy of the Dominion in its relation to the Canadian National railway system shall be; but there is no way by which freight and passenger rates can be continually reduced and net earnings at the same time increased; and, moreover, restricted net earnings must inevitably mean additional taxes to provide for annual deficits. The administration of the Canadian National railways system is the trustee of the people's property. That administration cannot and has no desire to dictate policies, but it would be lacking in the fulfilment of its public duties if it did not make these facts clear to the people of Canada.

Betterments

During the year important progress was made on the general improvement programme which has been carried on during the period of government control. The expenditures have been large, but have not been out of proportion to the corresponding expenditures made by other large systems on this continent, and the improved operating results could not have been obtained without such expenditures and the acquisition of additional rolling stock and motive power. The properties of the system have been brought up to a standard which will enable the handling of increased traffic in the future with normal expenditures, except so far as affected by new business developments.

To obtain proper results from operating as a single system lines which previously were in competition, it was necessary to build a number of connecting lines and cut-offs, the construction of which has permitted short and economical routing of traffic, joint use of terminals, stations, offices and other facilities with consequent reduction in operating expense, increased capacity for handling the volume of business and ability to give improved service to the public. During the period of improvement, various grade reductions have been undertaken; water supply, particularly in western Canada, has been greatly improved; terminals have been enlarged and modernized; some sections of the railway have been double-tracked; signals have been installed; a great many tie plates have been applied; heavier rails have been laid; bridges, trestles and culverts have been strengthened, renewed or replaced with permanent work; tie renewals have been brought up to a proper basis and a start has been made on the use of treated ties. Much ballasting has been undertaken, although much remains to be done. A number of station buildings have been constructed; some enlarged or replaced. Telegraph and telephone communications have been bettered.

In addition to the cars purchased, there were a number rebuilt, reinforced and in other ways improved. Various items of special equipment were applied to locomotives such as feed water heaters, automatic stokers, boosters, superheaters, etc., and a number of locomotives were converted or rebuilt. The gradual use of heavier power over the various lines as their physical condition permits, and as traffic is developed, tends more and more to efficient operation.

Land Sales

Conditions in the farming industry in western Canada are not yet such as encourage the ready sale of lands.

[Mr. Graham.]

61,994 acres were sold in 1923 at an average price of $15.66 per acre, amounting to $970,952. 9,025 acres were sold in 1922 at an average price of $16.67 per acre, amounting to $150,531.14.

When cancellations of purchase contracts are considered, the showing is still more favourable. In 1923 the cancellations represented 59,190 acres as against 114,056 acres in 1922. Fewer cancellations are expected in 1924.

Wages and Labour

Various demands were made by employees during the year for increases in wages and improvements in working conditions. Several requests for increases are under consideration at the present time. There was no loss of time by reason of strikes among the railways' employees during the year. General good feeling prevails in all classes.

The total expenditure for labour during the year chargeable to operating expenses was $136,463,470 representing 58.15 per cent of such expenses, as compared with 54.99 per cent in 1922.

Purchases and Stores

All purchases for the Canadian National Railways and subsidiaries, including the Canadian Government Merchant Marine, are under the jurisdiction of the Purchasing Department, with headquarters in Montreal. There are purchasing agents located in the various regions to handle local buying. In the work of the department is included the custody and distribution of stores and materials. The reclamation of material and the sale of scrap, through which very substantial savings are effected, also comes under the Purchasing and Stores Department.

Express

This service is now carried on by the railway company itself instead of by the express company. Economies and other advantages have resulted from the change. The gross express receipts and the expenses of the express department are included in the system's revenue and expense accounts, whereas, generally speaking, other railways show only the net earnings earned by transporting express matter.

The operations of the express department present a large and fruitful field which merits a progressive and aggressive policy. It is the intention of the Company during the coming year to expand the activities of the express department into foreign fields, not only with the view of securing a large volume of traffic, but also in the provision of travellers' cheques and various other financial arrangements necessary to the comfort and welfare of tourists.

Telegraphs

The Canadian National Telegraphs operate commercial telegraph lines throughout the Dominion west of Moncton, N.B., and have charge of the maintenance of all telegraph and telephone lines used for railway purposes.

Material improvement has been made in the efficiency of the telegraph department during the year. Better and more satisfactory offices have been provided at several places, the messenger service has been smartened and every effort is being made to provide a standard of service which will excite a greater business.

Insurance

The Insurance Department was reorganized in March, 1923, and placed under the control of a Director of Insurance. At the same time the Company decided to extend over the whole system the principle of self-insurance which had previously been in effect to a limited extent on parts of the system. The wisdom of this policy has been amply justified, as although there was paid into the fund approximately $250,000 less than had previously been paid to underwriters, a surplus of $1,014,014 was accumulated from April 1st to December 31st.

This surplus together with the previous surplus amounted in the aggregate as of December 31st, 1923, to $3,133,735, practically all of which is invested in Dominion Government securities. The intention is to build up this fund as rapidly as possible.

An entirely new recording system has been devised, which results in a determination of the exact status of the insurance fund with respect to premiums and losses on the various classes of risks insured therein.

A fire prevention and inspection staff has been organized under the direction of a competent fire prevention engineer, and is concentrating its efforts towards a reduction in losses. Various other steps have been taken to reduce fire losses, and it is anticipated that within the next year the system will have a fire insurance, prevention and inspection system second to none.

Colonization and Development

During the past year the matter of immigration has been receiving very close attention in governmental and railway circles. Its success depends first, upon the choice of suitable immigrants; secondly, upon the suitable location of such immigrants; and, thirdly, upon the supervision and assistance of them till they become self-supporting. Having this in view it was decided to open in London, England, a special office under the jurisdiction of the Department of Colonization and Development. Dr. W. J. Black who, after many years of special experience in agriculture and immigration, held the position of Deputy Minister of Immigration at Ottawa, has been appointed European manager of such office. Prior to his leaving for England recently, special meetings were held in Montreal at which there were present representatives of the Dominion government, the national railways and allied steamship companies—the desire being to determine a policy of which all interested parties would approve, and which would be carried out in a spirit of co-operation.

The present work of colonization and development of natural resources is being carried on from centres such as Montreal, Winnipeg, Edmonton, London, England, and Paris, France, with branches at St. Paul, Seattle and Boston in the United States.

Mr. MACLEAN (York): Was the Canadian Pacific in that?

Mr. GRAHAM: It does not say so in the present report, but the Canadian Pacific is engaged in exactly similar work, and I think there is a good deal of co-operation between the Canadian Pacific railway and the government lines.

It embraces advertising of lands and business opportunities, the distribution of information in the public press and by lectures, folders, pamphlets, maps, etc., the answering of inquiries, etc., advising and assisting incoming settlers in regard to choice of lands and the obtaining of employment. The work in the New England States has resulted in the repatriation of French Canadians in western Canada, Quebec and northern Ontario. Up to the present time satisfactory results have been produced in spite of the recent agricultural depression, but the more important part of the work done during the past year was the establishment of a suitable organization which will be able to assist in completing the work expected to result from the intensive immigration policy now being carried on and which includes the group settlement arrangements made with the Overseas Settlement Board.

The following represents the broad principles upon which it is intended to carry on with vigour the colonization work of the Canadian National Railway System.

1. To influence the immigration and satisfactory settlement in Canada of the largest possible number of people of productive capacity which the country can absorb and assimilate;

2. To contribute to the dissemination of information concerning the vast and extensive natural resources of the Dominion and the widespread opportunities for industrial development, so that capital may be attracted from other countries and invested where enterprise will be legitimately rewarded;

3. To promote the land settlement of new Canadians under conditions that will ensure the maximum success in their farming operations and enable them to enjoy such social and religious institutions as are necessary to individual happiness and contentment;

4. So to encourage improvement in agriculture that more diversified methods may be used in farming, and that crop, live stock and dairy production may be increased in accordance with market demands and prospects;

5. To assist by organized effort in the immigration of young people of desirable type and character, especially from Great Britain, and in their placement in respectable rural homes, where they may become qualified to participate in constructive activities and acquire citizenship of distinct value to Canada;

6. To aid in the development of new opportunities for service and to facilitate every effective means of selecting immigrants physically fit and anxious for work;

7. To co-operate with the federal and provincial governments and business organizations throughout the Dominion in promoting all measures calculated to contribute toward an increase in immigration of adaptable people and in their settlement under the most favourable conditions possible.

Pensions

Various plans are now in effect on different parts of the system. A pension scheme for the whole system is under consideration and temporary arrangements are in effect on parts of the system which have not previously had a pension plan.

The total number of pensioners at December 31, 1923, was 2,078, and the total amount paid for pensions in 1923 was $925,173.

First Aid

For many years this work was carried on over the lines of the Grand Trunk System. It will in future be undertaken on all the national lines. For this purpose a Director of Safety First and First Aid was appointed in general charge of the work in January, 1924.

Economics

In order that special consideration may be given to various economic problems which arise from time to time in regard to operation and development matters, a Bureau of Economics was organized in March, 1923, as a special department.

Radio Department

A Radio department was organized during the latter part of 1923 under the control of a radio engineer and an assistant. The work undertaken during the year was largely experimental, and principally in connection with the operation of radio on moving trains. Various tests having been made and excellent results obtained, wireless receiving instruments are now being installed upon the principal transcontinental trains, and similar sets are being placed in a number of the company's hotels. It is the intention, in the introduction of radio telephony on the lines of the Canadian National railways, to provide a ready means of communication between the executive officers of the railway and the public, to advertise Canada and the Canadian National railways, to furnish entertainment to

passengers on long distance trains and guests at the company's hotels, and generally to make the service of the railway more attractive to the travelling and shipping public. But more important still is the desire to establish that human contact between the officers of the company and the employees which it is considered is essential to the maintenance of loyalty and efficiency. The company has arranged for wireless receiving sets to be procured by its employees at a reasonable price and on easy terms. Considerable advantage has already been taken of this, and in the course of a comparatively short time it is hoped that it will be possible for the executive officers of the company to address personally a large proportion of the employees in their own homes. As an advertising medium radio telephony is unsurpassed, and the administration believes that in the establishment of a radio department it has taken a unique and constructive step in railway operation.

Organization

When the present Board of Directors took charge of the property represented by the Canadian National Railway system, two separate organizations existed, namely the Grand Trunk Railway and the Canadian National Railways of that day. Within the limitations imposed by conditions much co-ordination had already been accomplished and many improvements and economies introduced. The administrative work performed by these two organizations laid the foundation for what was to follow, and the present Board desires to record its recognition of the valuable work performed by the boards of directors and officers of the previous organizations.

The task, however, of determining the organization best suited for the administration of so large a property, extending from the Atlantic to the Pacific and including telegraph and express companies, as well as a Merchant Marine, can only be characterized as formidable. All of the great railway systems of North America and Europe have been the result of decades of growth and development in which ample time was afforded for the development of an organization and the education and trial of those who have subsequently become trusted and capable officers. To a large degree the Board of Directors was obliged to evolve within a few months a consolidated organization appropriate to the needs of the widely-flung system committed to its charge. Officers were obliged to acquaint themselves not only with the new territories, but with each other. New channels for the flow of reports and instructions had to be provided, a system of statistical information developed which would readily reveal the operating results of the various departments and the danger points to be guarded against and many other important details which will at once be apparent to those familiar with the organization of a large undertaking. It would be remarkable if the accomplishment of such a task were unaccompanied by mistakes; but if such mistakes have been made they have been of relatively small importance, and have not materially affected the general result for the year. No doubt as months go by errors will be detected and improvements made.

Perhaps the most gratifying feature of the year's operations has been the development of a fine spirit of loyalty, co-operation and pride in the undertaking amongst officers and employees alike. Much of the satisfactory financial performance has been due to this spirit. Those employees and officers of the company who come in contcat with the travelling and shipping public have assisted greatly in establishing an excellent feeling by their courtesy and attention to the patrons of the system. The principle that the passenger is always to be regarded as the guest of the company has been splendidly maintained by all.

The board has much pleasure in congratulating all in the employ of the company upon the efficiency of their efforts, and cordially thanks them for their loyal support.

While business and industrial conditions in their relation to and effect upon the national railway system in all sections of the Dominion have received thoughtful and sympathetic consideration, the position in the Maritime provinces seems to call for special comment.

In those provinces there appears to exist a feeling of disappointment and dissatisfaction in a way, which is not clearly revealed, that the provinces have not obtained that advantage from Confederation which they had been led to expect. The consideration of such a problem is obviously beyond the scope and responsibilities of the administration of the national railway system, but when dissatisfaction in any section of the Dominion reaches such proportions as to involve a possible effect upon the company's operations, it is desirable that at least some attention should be given and it is for this reason that the subject is mentioned in this report.

With a view to improving the position in the Maritime provinces, the efforts of the traffic department of the railway have been addressed in various directions, and as a result the sailings from the port of Halifax have been increased from 491 in 1922 to 768 in 1923. The Canadian National Railways recognize the importance of the ports of St. John and Halifax, and the useful part they should both play in the development of Canadian marine traffic. Nothing within reason will be left undone to promote increased business through these gateways. For some time there had been a differential of one cent per hundred pounds against the port of Halifax on export and import freight and this has been removed, Halifax being now on the same basis as all other Atlantic ports served by the Canadian National Railways. In addition to the removal of this differential, tariffs covering certain contemplated reductions of class rates are now in the course of preparation. These reductions in some cases will run as high as 15 per cent. During the past twelve months a revision of freight rates to and from Prince Edward Island has been completed, placing them on the same basis as is applicable to the mainland, while formerly a somewhat higher scale was applied. Certain other minor reductions in other freights were also made.

These matters are mentioned in order that it may be understood that the Canadian National Railways are, within the limits of their ability, endeavouring to do everything possible to better transportation conditions in the Maritime provinces. The recent visit to the Eastern provinces of a number of members of parliament from western Canada will, it is hoped, have a good effect in enabling the people from the extreme parts of Canada to become better acquainted with the difficulties which confront both eastern and western Canada.

The business done through the Canadian Atlantic ports is capable of much greater expansion, in the accomplishment of which expansion mutual understanding between the eastern, western and central portions of Canada is essential. Several suggestions have been made to the Canadian National Railways management as to how this desired result might best be brought about, but as the province of the management of the railway system is to deal solely with transportation this large question of policy must be left to the government and to parliament.

Obituary Notices

As the preparation of this report was nearing completion the death occurred suddeuly in Montreal on 2nd April, 1924, of Mr. L. S. Brown, general manager of the Atlantic region, with office at

Moncton, N.B. The board desires to express its regret at the death of Mr. Brown who was an esteemed and capable officer.

It is fitting that reference should be made also to the recent death of Sir William Mackenzie who with Sir Donald Mann founded the Canadian Northern Railway system, aggregating nearly 10,000 miles. For two men to have established a transcontinental system in Canada was a feat unrivalled in the annals of railway construction in the world. Sir William Mackenzie had a genius for originating big projects and for financing. Apart from his development of other public utilities in different parts of Canada and elsewhere his work as a railroad builder in Canada entitles him to a high rank among the great men the Dominion has produced.

H. W. THORNTON,
Chairman and President.

Consolidated System Statements

In the report of Sir Henry Thornton as printed and distributed, part of which I have just read to the House, the following statements appear:

Consolidated balance sheet;
Profit and loss account;
Income statement, with detail;
Investment in road and equipment;
Improvements on leased properties;
Statement of equipment on hand;
Certain comparative statements dealing with costs of labour, fuel, etc.;
Statement of loans from the Dominion of Canada;
Statement of funded debt held by the public;
Rail line operating statistics;
Comparative statement of tonnage by commodities;
Report on Canadian National Telegraphs;
Report on Express Department;
Schedule of companies comprising the Canadian National railway system;
Investments in affiliated companies;
Statement of operated mileage at Dec. 31, 1923;
Statement of lines controlled by Canadian National Railways, not included in operating figures.

I am advised that the foregoing constitutes the most detailed report yet brought down as to operation of the Canadian National Railways.

Corporate Accounts

However, the President's report deals only with operation, and with Canadian National system lines. Therefore it falls to me, as Minister of Railways, to make reference to the year's activities from the standpoint of the various corporate entities, and to round out the story by the inclusion of the operating results of the Central Vermont, a separately operated railway controlled by majority stock ownership.

For this purpose I have been supplied by the management with three separate statements of income account, broken as follows:—

1. Canadian National Railways—including Central Vermont—and showing operating results of:
   (a) Lines in Canada;
   (b) Lines in the United States;
   (c) The Central Vermont.

2. Canadian National Railways—lines in Canada:
   (a) Canadian National Railways, including the Grand Trunk Railway Company of Canada;
   (b) Canadian Northern system;
   (c) Canadian Government Railways;
   (d) Grand Trunk Pacific Railway.

3. Canadian National Railways—lines in the United States:
   (a) Grand Trunk lines in New England;
   (b) Grand Trunk Western lines;
   (c) Duluth, Winnipeg and Pacific.

It is not possible to read these reports in detail, nor would it seem to be necessary, as I have ready to lay on the Table for immediate use twenty copies in MS form, and will, with the permission of the House, hand a copy to Hansard to appear with the record of to-day's proceedings.

Net Results—All Lines

Summarizing these statements I may say that the gross operating revenue—including the Central Vermont—was $263,554,436 and the gross operating expenses $242,366,973, leaving the net revenue from operation—all lines—$21,187,462, compared with $3,993,237 in 1922. After the usual deductions and additions involved in taxes, rentals, hire of equipment, etc., the total income before fixed charges was $13,364,875, compared with $1,499,782 the previous year. Total fixed charges were 66,144,226 as against $60,196,-693, in 1922, and the total deficit $52,779,350 compared with $58,696,911.

Those who examine the statements closely will see that the figures now given as for 1922 do not agree with the figures brought down a year ago. This does not mean that last year's figures were wrong. It has been difficult each year to compare current statements with the figures of previous years because the basis of comparison has been constantly changing as the National system gradually took shape. Thus the 1923 figures include the operation of certain companies, whose net only has heretofore been brought in. In order that the results of the two years may be comparable the 1922 figures have had to be recast and presented on the same basis as the 1923 form of accounting.

The consolidation of system lines has also involved a change in dealing with fixed charges. Last year's statement of interest was followed by a footnote explaining that the figures included certain obligations of one company to another. This year there is a footnote to the effect that the principal inter-corporate transactions have been eliminated. These inter-corporate interest charges are now treated as purely internal matters, being in-

terest due neither the public nor the government, but items capable of being offset in inter-corporate accounts.

Fixed charges and deficit

The fixed charges of the railways now comprising the Canadian National system, including the Central Vermont, increased from $60,196,693 to $66,144,226 during the year. Of this increase of $5,947,533 in fixed charges $5,409,791 was in interest due the government. I may be asked right here how this can be accounted for when the government last year advanced only a comparatively small amount of money. The answer is evident. The interest charged this year is the interest of the year previous; that is to say, the interest would not become due until the following year; and the interest on money secured in 1923, borrowed from either the government or the public, will appear in the accounts of 1924.

The total deficit for the year, after all charges, was $52,779,350, compared with $58,696,911 for 1922, as recast for purposes of comparison. Of last year's deficit of $52,779,350, $48,978,595 is attributable to Canadian lines, and $3,800,754 to American mileage.

The Canadian deficit of $48,978,594 was apportioned as follows:

Canadian National Railways, including the Grand Trunk in Canada	$ 985,016
Canadian Northern System	35,956,906
Canadian Government Railways	215,943
Grand Trunk Pacific Railway	11,820,729

The American deficit of $3,800,775 was made up as follows:

Grand Trunk New England lines	$2,562,968
Grand Trunk Western lines, a surplus of	36,153
Duluth, Winnipeg and Pacific Railway	192,264
Central Vermont Railway	1,081,675

I have indicated a net operating surplus of $21,187,462 for 1923. Of that sum $11,656,462 was earned by Canadian lines, and $9,530,999 by American lines, including the Central Vermont. But after non-operating adjustments and fixed charges, the final result of the American operation was the net deficit of $3,800,775 above referred to. An operating surplus of $8,791,808, on Grand Trunk Western lines, was reduced finally to $36,153. The decrease in non-operating income referred to by Sir Henry Thornton, due to the final settlement with the United States government being less than anticipated, affected principally the Grand Trunk Western lines. This is the item I explained some time ago. Notwithstanding this, however, the Grand Trunk Western lines converted a net deficit of $1,388,529 in 1922 into the net surplus of $36,153, referred to.

[Mr. Graham.]

Mr. MEIGHEN: These are Grand Trunk Western lines that are mainly in the United States?

Mr. GRAHAM: Yes.

Mr. MEIGHEN: They have no reference to western Canada?

Mr. GRAHAM: No this is the appellation given to lines in the United States west of Detroit. These Grand Trunk Western lines are most important feeders of the Canadian National system, and may be counted on to demonstrate their usefulness as such. Unfortunately both the New England lines and the Central Vermont materially increased their net deficits, the former by $1,174,438 and the latter by $344,861.

It will be noted, on examination of the figures, that in 1922 the railways—and by this I mean all lines, including the Central Vermont—had $1,499,782 with which to meet interest charges of $35,125,736 due the public In 1923, these fixed charges due the public were $35,539,668, and towards meeting them the railways themselves were able to provide $13,364,875—an improvement of twelve millions in round figures.

There will, of course, be an increase in fixed charges due the public in so far as the public may provide capital requirements during the next few years. Correspondingly, it is not unreasonable to expect a gradual expansion in the trade and commerce of the country, in which the Canadian National Railways may be expected to share; so that if Sir Henry Thornton is able to maintain the same rate of improvement as he has achieved during the first year of his presidency, the Railways themselves, in addition to meeting their operating charges, ought to be able, within a very few years, to meet all interest charges due the public, which would be a wonderful achievement.

Grand Trunk Pacific Debenture Holders

I come now to the Grand Trunk Pacific debenture holders. This is a matter that has been of considerable interest and it is one that is rather involved. I trust the House will bear with me while I explain it briefly. During the construction of the Grand Trunk Pacific which, although a separate company, was really a subsidiary of the Grand Trunk, the Grand Trunk Railway Company of Canada, conditionally, guaranteed certain bonds known as 4 per cent debenture stock bonds. They were guaranteed conditionally, I say, the condition being that the interest was to be paid on these debentures by the Grand Trunk,

if the Grand Trunk Pacific failed to pay, but only provided the Grand Trunk Railway Company of Canada earned the money. For very many years, however, the Grand Trunk did not earn the money, nor has it earned it all yet. This interest as against the Grand Trunk Company is not cumulative, whereas, as against the Grand Trunk Pacific, it is cumulative. I just want to make this explanation before I present to the House the succeeding statements. When the Prime Minister (Mr. Mackenzie King), the Minister of Justice (Mr. Lapointe), and myself were in London last year we were waited upon by the Grand Trunk Pacific four per cent debenture holders, who presented a strong case from their point of view. We maintained that the taking over of the Grand Trunk System by the Canadian National Railway Company improved, rather than proved detrimental to, the position of the Grand Trunk Pacific debenture holders inasmuch as, under the conditions that previously obtained, the Grand Trunk could never have hoped to earn sufficient net revenue to pay anything on the Grand Trunk Pacific four per cent debenture stock. And it was questionable, we pointed out, whether the position would not have been worse than that in a few years. However, I am advised by the management that there will be available this year $322,803 for partial payment of last year's interest on these Grand Trunk Pacific securities. This is not a big sum in view of the fact that the interest amounts to $1,395,170 a year, but it is, I hope, an augury for the future.

The Estimates

I would now like to deal briefly with the estimates. Last year our total vote on railway account was $75,325,432; this year we are asking for $56,187,125 distributed as follows:—

Interest on securities, notes and other obligations; also rentals for lease of lines..	$18,745,639
Equipment principal payments, sinking funds, miscellaneous maturing or matured notes, and other obligations secured or unsecured..	5,867,633
Operating income deficits, wherever incurred or ascertained..	1,467,138
Construction and betterments, including coordination, acquisition of property and purchase of equipment..	29,919,588
Departmental..	187,125
	$56,187,125

Operating Deficits

I shall now take up operating deficits, and to hon. gentlemen from the Maritime provinces and those who are interested in the government-owned railways, the items I am about to read will be interesting. The following is a comparison of last year's appropriations for operating deficits with actual results:—

	Appropriations	Actual Deficit
Canadian Northern Railway System..	$2,500,000	$2,609,354
Grand Trunk Pacific..	4,500,000	3,238,126
Canadian Government Railways..	3,000,000	170,639

I would like to show just how this marked improvement in operation of former government railways is made up, but am advised it is no longer possible to get an apportionment of revenues and expenditures on the various lines comprising the former Canadian government railways. However, I am informed that the improvement was directly attributable to increased business. Last year the operating revenues of Canadian government railways increased by $3,897,000, while operating expenses also increased by $1,561,000. Of the increase in revenue, freight traffic accounted for $2,224,000. The passenger traffic increase was $1,669,000.

Of the increased operating expenses $645,000 was due to removing snow, ice and sand, due to bad weather conditions during the first three months of 1923. A further increase of $237,000 represents premiums, due to the fact that the Government Railways properties were not insured prior to May 1, 1923. The balance of increase was entirely due to increased operating expenses because of increased business.

If the House will bear with me, I will explain that point. Heretofore the property of the Canadian Government Railways had not been insured. Some years ago an insurance fund was established on the Intercolonial railway when I had the honour of being Minister of Railways before, a certain amount being laid away every year to provide against fire. If my memory serves me correctly, that fund more than provided for all fire losses during those years. Let me make a further explanation. That was the only way of accomplishing the purpose, for under our system of voting supplies to Canadian government railways the requirements had to be voted in their entirety, while the receipts had to be handed over to the Receiver General. By establishing the fund I have referred to, the management was able to add to it each year and the money did not have to go back into the hands of the Receiver General. Under the present system the property of the Canadian Government Railways is insured as well as the railway property of the company lines, and the Canadian Government Railways are charged their proportion of the premiums for

the insurance on their own lines. I will read that paragraph again in the face of this explanation:

> Of the increased operating expenses, $645,000 was due to removing snow, ice and sand, due to bad weather conditions during the first three months of 1923. A further increase of $237,000 represents premiums, due to the fact that the Government Railways properties were not insured prior to May 1, 1923. The balance of increase was entirely due to increased operating expenses because of increased business.

Or might I say, in other words, that if the Canadian Government Railways had not paid insurance premiums last year into the insurance fund they would have had a good balance to their credit on operating account.

It is well to bear in mind that the Canadian Government Railway lines, operation of which is reflected above, extend all the way from the Atlantic to Winnipeg, whereas the very adverse operating ratio of 123.23 has to do with the Atlantic region only, the western boundary of which is at Rivière du Loup on the former Intercolonial and Monk on the former Transcontinental line.

This year the only provision for operating deficit—I am speaking now of this year's estimates presented to the House—is $1,467,-138 on Grand Trunk Pacific account. Four years ago, in 1920, the combined operating deficit of the three above mentioned roads was $36,842,970; in 1921, $16,092,901; 1922, $9,736,-318 and, last year, $6,018,119. It is the long view that brings out clearly the gradual improvement in our railway situation and offers encouragement to every friend of government operation and control. This improvement is very clearly seen by a backward glance over our railway requirements of recent years. Parliament voted the following sums for railway purposes in the years named:

Fiscal year	Voted
1920-21	$106,708,827
1921-22	179,117,165
1922-23	111,069,493
1923-24	75,325,432

However, the amounts voted do not tell all the story, as there were expenditures by order of the Exchequer court on Grand Trunk Pacific account, and there were guaranteed bond issues which, in some years were in addition to the vote and in other years reduced the amounts to be supplied under the vote. And it so happened in 1922-23, when there were no guarantees, the vote itself happily proved to be materially in excess of actual requirements. Thus including votes, cash payments and guarantees, the figures for the last four complete fiscal years are as follows:—

Fiscal year	Total expenditure on railway account
1920-21	$173,620,269
1921-22	179,117,165
1922-23	84,960,037
1923-24	96,610,129

The last named figure represents the vote of last session, plus an equipment trust issue of $22,500,000, guaranteed under statutory authority. This year it is expected there will be required an equipment trust issue of about nine millions. Adding this to the current estimate the total requirement, as at present anticipated, is sixty-five millions, compared with the ninety-six millions for the previous year—an improvement of thirty-one millions. Let me make an explanation here. Any loan outside the equipment issue will come within the vote of $56,000,000. I do not want any misunderstanding. It will not be added to the vote passed by the House.

Sir HENRY DRAYTON: Nor added to the debt?

Mr. GRAHAM: I will let the ex- and the present Finance Minister fight that out.

There is a question here in connection with equipment issues, and I am going to throw out this hint for the consideration of the House. Equipment issues do not come under the vote made by parliament. The security given in rolling stock for these issues seems to me to be ample, and to my mind it is questionable if the government ought to be asked to guarantee such issues. I am not saying that it will not, but I want to throw out this suggestion for members to ponder; I have been giving it some study and have not quite made up my own mind in regard to it. Equipment issues are secured on the rolling stock purchased, but the security is more than the value of the equipment issues, for the reason that parliament votes 25 per cent in money towards the purchase of the equipment and the security is issued for only 75 per cent of that equipment, less expenses. So, outside the government guarantee altogether the security given to the investor in equipment issues is to my mind ample, and I say again that, to me, it is very questionable whether the government ought to be asked to guarantee such issues. Other railways without any similar guarantee sell their issues at a fairly good price.

Mr. STEVENS: Is the term of those bonds kept well within the life of the equipment?

Mr. GRAHAM: Yes. The bonds are issued on what is known as the Philadelphia plan, under which the amount is amortized, paid off in annual instalments which redeem the bonds within the supposed life of the equipment. This year you will find in the figures an amount payable on equipment bonds of some millions of dollars charged up to the railway.

Mr. STEVENS: With the added guarantee of the government does the Canadian National Railway get a better rate on equipment issues than other railways in a similar position?

Mr. GRAHAM: Well, that is a debatable question, and I would not like to give an answer right out in meeting. I will, however, give this answer, which I think is safe: it seems to me that in Canada the investor will give you a better price if you have the government's guarantee; I am not sure it applies to any other market. My information is that you can secure money say in New York at practically the same rate without the government guarantee, as they understand thoroughly the whole working of what is known as the Philadelphia system.

Capital Expenditures Justify Themselves

Sir Henry Thornton makes it clear that restriction of maintenance had no part in the improved results obtained in the year under review. The amount of money required to put the Canadian National system in good shape has been large, but not unduly so when the mileage involved is taken into account. But for these capital expenditures on road and equipment the improved performance now in evidence would not have been possible. The money which is spent last on a railway is held to be the most profitable investment on account of the definite knowledge then available as to where to spend it, and the operating officials of the Canadian National Railways feel that without the capital expenditures of the last five years the National system, as at present constituted, would not have paid operating expenses this year. Lacking these vital expenditures the system would be entirely inadequate, with transportation facilities limited, and in no position to play a proper part in the development of the country.

Now I come to a matter which I would like to place before the House. The only object of the government, the only object, I believe, of parliament as a whole, is if possible to make this great enterprise a success. It is ours; it belongs to the people; we have our money in it. I have thought for some time and my colleagues agree with me, that it would be wise to make some additions to the Canadian National Railway Board. The present members of the board, representing different districts and scattered as they are all over Canada, bring to their work valuable information with regard to conditions throughout the country generally and bring to it, besides, remarkable ability. But the fact remains that the Canadian National Railway Board as at present constituted is under somewhat of a handicap in this respect. Large private companies have an executive within easy distance of their head office who can be called in at a few hours' notice to deal with any question of importance. There is scarcely a day, surely not a week, that there does not arise in connection with the management of the Canadian National Railways some question of magnitude, something of great importance not only to the railways themselves but to the people of Canada as shareholders. I have suggested to my colleagues, and the suggestion has met with unanimous approval, that we ought to appoint an additional number of directors—as we have several vacancies—within easy access of the head office, out of which the president could form a strong executive of business men who would be at his disposal at a few hours' notice at any time to deal with these large questions as they arise.

Mr. EULER: How many more?

Mr. GRAHAM: Well, I have hardly made up my mind as definitely as that. It would depend on what is thought to be the right number who would be available for a strong executive. Under the by-laws of all railway companies there are certain things with which the presidents and officials themselves deal, and there are other questions with which they do not deal without consulting the executive. I believe the House and the people generally will agree with me in the view that the addition to the board of a few members—I do not yet know how many—will be in the interests of the company and in the interests of the people of Canada—persons within hailing distance of the head office who can be called in for consultation as a strong executive.

Mr. KENNEDY (Edmonton): What does the minister mean by "within hailing distance?"

Mr. McMASTER: Talk to them on the radio.

Mr. GRAHAM: I should say that a man who could be called to-night on the telephone

and be at the Canadian National offices in the morning would be within hailing distance. I do not want to give an operating reason; I do not want to be committed to one.

Mr. MANION: Does the minister mean he would do away with the other members of the board in other parts of the country, or would he retain them and add to them a quorum say in a certain city or in a certain section of the country, located within what he calls hailing distance?

Mr. GRAHAM: I have no idea of suggesting that the other members of the board representing districts throughout Canada, who bring special information of a local nature to their work, should be removed or dispensed with. The idea is that there should be a sufficient number within a short distance of the head office who could be called upon by the president for executive work.

Mr. ANDERSON: How many directors are there now?

Mr. CAMPBELL: Would that not throw into the hands of a certain section of the country too much power or too much control of the National Railways, which would not be a desirable thing?

Mr. GRAHAM: One at a time, please. You would have to depend on the ability and the fairness of the men selected. We have every reason to believe that men can be selected for that position who will look on the Canadian National work as a patriotic work, not as one upon which they should bring any personal views to bear. Of course, the representatives from various parts of Canada would be at the regular meetings of the board as usual. I am only recommending something which has already been put into operation by every great railway company.

Mr. ANDERSON: Would the minister answer my question now? How many directors are there on the board?

Mr. GRAHAM: If I remember correctly there are nine now, and the Canadian National Railway Act provides for fifteen—that is my recollection.

I have laid on the Table of the House correspondence and papers in connection with the Paris building. I had intended to discuss that to-day, but I have already occupied a good deal of time. I want to make a suggestion. When the discussion of this part of the railway estimates comes before the Committee of the Whole, if it be found by hon. members that the minister is not capable of giving them the detailed information they think they could get or might possibly get from officials or other sources, and it is suggested that a special committee be appointed to bring out those details, the government will have no objection to that.

Before concluding I want to make an appeal to the House. As I said before, parliament desires only to make a success of this great enterprise. That can only be done by the co-operation of parliament; it can only be done by the sympathetic co-operation of parliament. This is the business of all the people of Canada, and we, representing them, hope to continue to carry it on in a way that will merit the confidence of parliament. A few weeks ago my good friend Mr. Beatty of the Canadian Pacific Railway Company, speaking at their annual meeting, referred to a disadvantage under which his private company operated in Canada and mentioned in that connection a certain section of the Canadian National Railway Act. That section provides that the location of lines shall be subject to the Minister of Railways, while in the case of the Canadian Pacific the location of lines is subject to the Board of Railway Commissioners. Mr. Beatty complained that that was an advantage to the Canadian National and consequently a disadvantage to the Canadian Pacific. I might name another advantage which perhaps the Canadian National has and to which reference was made a few moments ago, namely that the people of Canada and the resources of Canada are behind it in the guarantee of its securities. I do not know why that section was put in the Canadian National Railway Act. I suppose those who framed it must have had some good reason for putting it in. But granted there is a disadvantage, I submit that under present conditions the disadvantage of a private company in Canada in these two respects could be multiplied by one hundred and then would not be comparable with the disadvantage under which the Canadian National Railways operate.

Let me put this to you—I am talking very frankly: Suppose Mr. Beatty's shareholders met and stayed in session four or five months every year; suppose every day a portion of his staff was compelled to be taken from their work to answer all kinds of questions; suppose that Mr. Beatty—I mean the president of any private company—were accused of all kinds of things; suppose that among his shareholders there was a large number who made no bones about declaring him and his board of management incompetent; what would Mr.

Beatty do? He would resign in five minutes. He could not operate without the confidence of his directors, through his shareholders.

Suppose, in addition, that Mr. Beatty was compelled to answer a question like this: Why was John Smith put off the road as gatekeeper in such and such a township? Who bought the uniforms for officials and employees of the Canadian Pacific Railway? From whom were they bought, how much was paid for them and who got them? I am not trying to indulge in ridicule, but I am trying to point out the situation. I want to make it clear that under the present system of government, every member of this House has the technical right to ask all these questions, and more too. Do not misunderstand me. Every member of this House has the right to know where every dollar goes, who gets it, and what he gets it for, no matter what the detail is; that is his technical right. But I appeal to the members of the House if the Canadian National Railways can be run successfully if those rights are exercised to the limit?

I am anxious, as the mouthpiece of the Canadian National Railways, to give all the information possible, but I appeal to members that if we are going to make a success of this great enterprise, we must allow it to function approximately under the same conditions as a private company. Parliament itself has changed the conditions in this country. Not the government, but the people of Canada through parliament have entered upon a gigantic scale of railway operation. Now if they wish to make a success of this enterprise upon which they have engaged, I appeal again to the members of the House to think seriously whether they should not forego what is their technical right of asking for information that never would be given to a shareholder, and much of which would never be given to a director. I am a shareholder of some companies, and I am a director of some, or have been, and I know that when the directors meet, the shares are represented by the men sitting around the table nine times out of ten, and very often no information except what is printed is given to any shareholder. I do not say that is right, but I do say that when the Parliament of Canada has passed an act establishing a company to operate their property, and it is the greatest railway transportation property in the world, they should give it approximately the same rights as are given by the shareholders of a private company in which they have put their own money.

I believe that this system can be made a success. I believe that with careful operation, with close scrutiny, and with business acumen, in a very few years the Canadian National Railways will be able to meet its obligations to the public. When that is done, a great step has been taken, and after that, if it be possible, its obligations to the government can be gradually recognized.

I do not think, Mr. Speaker, I can say anything more, but I appeal to the members of the House, in dealing with their own property, to give the men they have engaged to manage the property a square deal, and a deal comparable to that which would be given to them by shareholders who had put up the money out of their own pockets into a private company.

I wish to ask the privilege of the House to put on Hansard, without reading it, this statement respecting the Canadian National Railways, including the Central Vermont Railway.

Mr. SPEAKER: By unanimous consent.

The tabulated statements referred to by Mr. Graham are as follows:

CANADIAN NATIONAL RAILWAYS

(Including Central Vermont)

INCOME ACCOUNT

Years ending December 31, 1923 and 1922

Gross Operating Revenue

	1923	1922
Canadian National Railways Lines in Canada	$ 216,578,175 89	$ 203,062,344 65
Canadian National Railways Lines in United States	38,348,280 15	30,996,680 40
Total Canadian National Railways	$ 254,926,456 04	$ 234,059,025 05
Central Vermont Railway	8,627,980 41	7,626,626 19
Total	$ 263,554,436 45	$ 241,685,651 24

CANADIAN NATIONAL RAILWAYS

(Including Central Vermont)—*Continued*

INCOME ACCOUNT—*Continued*

Years ending December 31, 1923 and 1922

Gross Operating Expenses

	1923	1922
Canadian National Railways Lines in Canada	$ 204,921,713 26	$ 205,572,978 49
Canadian National Railways Lines in United States	29,768,179 69	25,599,335 01
Total Canadian National Railways	$ 234,689,892 95	$ 231,172,313 50
Central Vermont Railway	7,677,080 80	6,520,100 62
Total	$ 242,366,973 75	$ 237,692,414 12

Net Revenue or Deficit *from Railway Operations*

Canadian National Railways Lines in Canada	$ 11,656,462 63	$ *2,510,633 84*
Canadian National Railways Lines in United States	8,580,100 46	5,397,345 39
Total Canadian National Railways	$ 20,236,563 09	$ 2,886,711 55
Central Vermont Railway	950,899 61	1,106,525 57
Total	$ 21,187,462 70	$ 3,993,237 12

Tax Accruals, Uncollectible Revenues and Miscellaneous Operations

Canadian National Railways Lines in Canada	$ 2,701,407 43	$ 2,678,118 85
Canadian National Railways Lines in United States	1,261,916 85	1,436,101 04
Total Canadian National Railways	$ 3,963,324 28	$ 4,114,219 89
Central Vermont Railway	243,696 02	225,150 49
Total	$ 4,207,020 30	$ 4,339,370 38

Total Operating Income or Deficit

Canadian National Railways Lines in Canada	$ 8,955,055 20	$ *5,188,752 69*
Canadian National Railways Lines in United States	7,318,183 61	3,961,244 35
Total Canadian National Railways	$ 16,273,238 81	$ *1,227,508,34*
Central Vermont Railway	707,203 59	881,375 08
Total	$ 16,980,442 40	$ *346,133 26*

Non-Operating Income

Canadian National Railways Lines in Canada	$ 8,390,581 69	$ 8,877,050 73
Canadian National Railways Lines in United States	*505,500 21*	1,178,317 10
Total Canadian National Railways	$ 7,885,081 48	$ 10,055,367 83
Central Vermont Railway	124,391 39	137,554 88
Total	$ 8,009,472 87	$ 10,192,922 71

Deductions from Gross Income

Canadian National Railways Lines in Canada	$ 2,040,542 38	$ 411,243 21
Canadian National Railways Lines in United States	8,616,128 90	6,976,237 95
Total Canadian National Railways	$ 10,656,671 28	$ 7,387,481 16
Central Vermont Railway	968,368 34	959,526 28
Total	$ 11,625,039 62	$ 8,347,007 44

N.B.—Italics indicate deficits.

[Mr. Graham.]

CANADIAN NATIONAL RAILWAYS

(Including Central Vermont)—*Concluded*

INCOME ACCOUNT—*Concluded*

Years ending December 31. 1923 and 1922

Total Income or Deficit *before Fixed Charges*

	1923	1922
Canadian National Railways Lines in Canada	$ 15,305,094 51	$ 3,277,054 83
Canadian National Railways Lines in United States	*1,803,445 50*	*1,836,676 50*
Total Canadian National Railways	$ 13,501,649 01	$ 1,440,378,33
Central Vermont Railway	*136,773 36*	59,403 68
Total	$ 13,364,875 65	$ 1,499,782 01

Fixed Charges

Canadian National Railways Lines in Canada:—		
Interest due Public	$ 34,125,745 92	$ 33,723,877 40
Interest due Government	30,157,943 67	24,748,151 73
	$ 64,283,689 59	$ 58,472,029 13
Canadian National Railways Lines in United States:—		
Interest due Public	$ 915,634 36	$ 928,446 98
Canadian National Railways	$ 65,199,323 95	$ 59,400,476 1
Central Vermont Ry., due Public	498,287 61	473,411 80
" " due Can. Nat. Rys	446,614 78	322,806 07
	$ 944,902 39	$ 796,217 87
Total C.N.R. and C.V.Ry	$ 66,144,226 34	$ 60,196,693 98

Total Deficit

Canadian National Railways Lines in Canada	$ *48,978,595 08*	$ *55,194,974 30*
Canadian National Railways Lines in United States	*2,719,079 86*	*2,765,123 48*
Total Canadian National Railways	$ *51,697,674 94*	$ *57,960,097 78*
Central Vermont Railway	*1,081,675 75*	*736,814 19*
Total *Deficit*	$ *52,779,350 69*	$ *58,696,911 97*

NOTE.—In the above Statements the principal inter-corporate transactions have been eliminated.

N.B.—Italics indicate deficits.

SCHEDULE A. 1.

CANADIAN NATIONAL RAILWAYS

Lines in Canada

INCOME ACCOUNT

Years Ending December 31st, 1923 and 1922

	1923	1922
Gross Operating Revenue		
Canadian National Rys. (Inc. G.T.R. in Can.)	$ 90,467,437 52	$ 83,633,964 08
Canadian Northern Railway System	60,542,307 39	59,152,070 12
Canadian Government Railways	44,837,053 01	40,939,945 76
Grand Trunk Pacific Railway	20,731,377 97	19,336,364 69
Canadian National Rys. Lines in Canada	$ 216,578,175 89	$ 203,062,344 65
Gross Operating Expenses		
Canadian National Rys. (Inc. G.T.R. in Can.)	$ 72,792,855 00	$ 75,926,665 67
Canadian Northern Railway System	63,151,661 98	62,468,047 72
Canadian Government Railways	45,007,692 28	43,436,667 67
Grand Trunk Pacific Railway	23,969,504 00	23,741,597 43
Canadian National Rys. Lines in Canada	$ 204,921,713 26	$ 205,572,978 49
Net Revenue or* Deficit *from Railway Operations		
Canadian National Rys. (Inc. G.T.R. in Can.)	$ 17,674,582 52	$ 7,707,298 41
Canadian Northern Railway System	*2,609,354 59*	*3,315,977 60*
Canadian Government Railways	*170,639 27*	*2,496,721 91*
Grand Trunk Pacific Railway	*3,238,126 03*	*4,405,232 74*
Canadian National Rys. Lines in Canada	$ 11,656,462 63	$ *2,510,633 84*
Tax Accruals, Uncollectible Revenues and Miscellaneous Operations		
Canadian National Rys. (Inc. G.T.R. in Can.)	$ 1,338,486 21	$ 1,352,401 01
Canadian Northern Railway System	972,864 60	1,048,070 60
Canadian Government Railways	41,320 03	29,744 02
Grand Trunk Pacific Railway	348,736 59	247,903 22
Canadian National Rys. Lines in Canada	$ 2,701,407 43	$ 2,678,118 85
***Total Operating Income or* Deficit**		
Canadian National Rys. (Inc. G.T.R. in Can.)	$ 16,336,096 31	$ 6,354,897 40
Canadian Northern Railway System	*3,582,219 19*	*4,364,048 20*
Canadian Government Railways	*211,959 30*	*2,526,465 99*
Grand Trunk Pacific Railway	*3,586,862 62*	*4,653,135 96*
Canadian National Rys. Lines in Canada	$ 8,955,055 20	$ *5,188,752 69*
Non-Operating Income		
Canadian National Rys. (Inc. G.T.R. in Can.)	$ 4,670,778 53	$ 4,747,163 74
Canadian Northern Railway System	2,984,110 76	3,143,297 58
Canadian Government Railways	607,888 15	843,298 38
Grand Trunk Pacific Railway	127,804 25	143,291 03
Canadian National Rys. Lines in Canada	$ 8,390,581 69	$ 8,877,050 73
Deductions from Gross Income		
Canadian National Rys. (Inc. G.T.R. in Can.)	$ 1,812,863 19	$ 73,424 57
Canadian Northern Railway System	1,139,462 47	648,968 95
Canadian Government Railways	611,872 11	1,227,490 38
Grand Trunk Pacific Railway	*1,523,655 39*	*1,538,640 69*
Canadian National Rys. Lines in Canada	$ 2,040,542 38	$ 411,243 21

N.B.—Italics indicate deficits.

[Mr. Graham.]

CANADIAN NATIONAL RAILWAYS

Lines in Canada—*Concluded*

INCOME ACCOUNT—*Concluded*

Years Ending December 31st, 1923 and 1922

Total Income or Deficit *Before Fixed Charges*

	1923	1922
Canadian National Rys. (Inc. G.T.R. in Can.)	$ 19,194,011 65	$ 11,028,636 57
Canadian Northern Railway System	*1,737,570 90*	*1,869,719 57*
Canadian Government Railways	*215,943 26*	*2,910,657 93*
Grand Trunk Pacific Railway	*1,935,402 98*	*2,971,204 24*
Canadian National Rys. Lines in Canada	$ 15,305,094 51	$ 3,277,054 83

Fixed Charges

Canadian National Rys. (Inc. G.T.R. in Can.):—		
Interest due the Public	$ 14,179,129 26	$ 13,772,127 35
Interest due the Government	5,999,898 75	4,745,762 51
	$ 20,179,028 01	$ 18,517,889 96
Canadian Northern Railway System:—		
Interest due the Public	$ 15,517,659 58	$ 16,388,829 55
Interest due the Government	18,701,675 52	15,796,371 96
	$ 34,219,335 10	$ 32,185,201 51
Grand Trunk Pacific Railway:—		
Interest due the Public	$ 4,428,957 08	$ 3,562,920 50
Interest due the Government	2,823,801 42	$ 2,070,535 53
Interest on Receivers' Certificates	2,632,567 98	2,135,481 63
	$ 9,885,326 48	$ 7,768,937 66
Canadian National Rys. Lines in Canada	$ 64,283,689 59	$ 58,472,029 13

Total Deficit

Canadian National Rys. (Inc. G.T.R. in Can.)	*$ 985,016 36*	*$ 7,489,253 39*
Canadian Northern Railway System	*35,956,906 00*	*34,054,921 08*
Canadian Government Railways	*215,943 26*	*2,910,657 93*
Grand Trunk Pacific Railway	*11,820,729 46*	*10,740,141 90*
Canadian National Rys. Lines in Canada	*$ 48,978,595 08*	*$ 55,194,974 30*

N.B.—Italics indicate deficits.

CANADIAN NATIONAL RAILWAYS

Lines in the United States

INCOME ACCOUNT

Years ending December 31st, 1923 and 1922

	1923	1922
Gross Operating Revenue		
Grand Trunk Lines in New England	$ 3,515,000 00	$ 3,123,182 90
Grand Trunk Western Lines	32,471,522 74	25,875,124 65
Duluth, Winnipeg & Pacific Railway	2,361,757 41	1,998,372 85
Canadian National Railways in U.S.	$ 38,348,280 15	$ 30,996,680 40
Gross Operating Expenses		
Grand Trunk Lines in New England	$ 4,006,702 84	$ 3,180,273 38
Grand Trunk Western Lines	23,679,714 70	20,527,991 87
Duluth, Winnipeg & Pacific Railway	2,081,762 15	1,891,069 76
Canadian National Railways in U.S.	$ 29,768,179 69	$ 25,599,335 01
Net Revenue or Deficit *from Railway Operations*		
Grand Trunk Lines in New England	$ *491,702 84*	$ *57,090 48*
Grand Trunk Western Lines	8,791,808 04	5,347,132 78
Duluth, Winnipeg & Pacific Railway	279,995 26	107,303 09
Canadian National Railways in U.S.	$ 8,580,100 46	$ 5,397,345 39
Tax Accruals, Uncollectible Revenues and Miscellaneous Operations		
Grand Trunk Lines in New Egnland	$ 196,809 00	$ 199,629 38
Grand Trunk Western Lines	946,068 69	1,131,113 17
Duluth, Winnipeg & Pacific Railway	119,039 16	105,358 49
Canadian National Railways in U.S.	$ 1,261,916 85	$ 1,436,101 04
Total Operating Income or Deficit		
Grand Trunk Lines in New England	$ *688,511 84*	$ *256,719 86*
Grand Trunk Western Lines	7,845,739 35	4,216,019 61
Duluth, Winnipeg & Pacific Railway	160,956 10	1,944 60
Canadian National Railways in U.S.	$ 7,318,183 61	$ 3,961,244 35
Non-Operating Income		
Grand Trunk Lines in New England	$ *373,338 52*	$ 136,414 18
Grand Trunk Western Lines	*124,743 34*	1,032,318 74
Duluth, Winnipeg & Pacific Railway	*7,418 35*	9,584 18
Canadian National Railways in U.S.	$ *505,500 21*	$ 1,178,317 10
Deductions from Gross Income		
Grand Trunk Lines in New England	$ 1,501,117 82	$ 1,268,223 60
Grand Trunk Western Lines	7,049,728 29	5,662,953 92
Duluth, Winnipeg & Pacific Railway	65,282 79	45,060 43
Canadian National Railways in U.S.	$ 8,616,128 90	$ 6,976,237 95
Total Income or Deficit *Before Fixed Charges*		
Gr[a]nd Trunk Lines in New Egnland	$ *2,562,968 18*	$ *1,388,529 28*
Grand Trunk Western Lines	671,267 72	*414,615 57*
Duluth, Winnipeg & Pacific Railway	88,254 96	*33,531 65*
Canadian National Railways in U.S.	$ *1,803,445 50*	$ *1,836,676 50*

N.B.—Italics indicate deficits.

[Mr. Graham.]

CANADIAN NATIONAL RAILWAYS

Lines in the United States—*Concluded*

INCOME ACCOUNT—*Concluded*

Years ending December 31st, 1923 and 1922

Fixed Charges

	1923	1922
Grand Trunk Lines in New England:—		
Interest due the Public	$	$
Interest due Government		
Grand Trunk Western Lines:—		
Interest due the Public	$ 635,114 64	$ 648,247 14
Interest due Government		
Duluth, Winnipeg & Pacific:—		
Interest due the Public	$ 280,519 72	$ 280,199 84
Interest due Government		
Canadian National Railways in U.S.	$ 915,634 36	$ 928,446 98

Total Deficit

Grand Trunk Lines in New England	$ *2,562,968 18*	$ *1,388,529 28*
Grand Trunk Western Lines	36,153 08	*1,062,862 71*
Duluth, Winnipeg & Pacific Railway	*192,264 76*	*313,731 49*
Canadian National Railways in U.S.	$ *2,719,079 86*	$ *2,765,123 48*

N.B.—Italics indicate deficits.

CANADIAN NATIONAL RAILWAYS

Total Advances by Dominion Government to December 31, 1923

——	Total	Working Capital and Investment Account	Retirement of Capital Obligations	Operating Deficits	Fixed Charges	Guaranteed Interest G.T.P.	Total Accrued Interest due Government to December 31, 1923
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Canadian National Rys. (G.T.R. of Can.)—							
Total Advances to December 31, 1922	84,560,342 60	30,093,833 84	33,341,345 86	1,877,047 56	19,248,115 34	.....	7,967,405 29
Advances during year 1923	24,037,037 77	7,125,643 71	5,333,580 25	.....	11,577,813 81	.....	6,785,645 41
Total to December 31, 1923	108,597,380 37	37,219,477 55	38,674,926 11	1,877,047 56	30,825,929 15	.....	14,753,050 70
Canadian Northern Railway System—							
Total Advances to December 31, 1922	298,799,591 72	122,058,164 43	52,240,326 10	23,810,869 22	100,690,231 97	.....	51,233,156 66
Advances during year 1923	28,298,789 13	7,271,376 48	4,376,900 72	1,197,159 93	15,453,352 00	.....	18,689,794 00
Total to December 31, 1923	327,098,380 85	129,329,540 91	56,617,226 82	25,008,029 15	116,143,583 97	.....	69,922,950 66
Grand Trunk Pacific Railway—							
Total Advances to December 31, 1922	123,586,034 75	75,061,152 30	.....	22,260,913 60	10,697,766 98	15,566,201 87	*10,128, 3
Advances during year 1923	8,588,683 67	2,605,541 04	.....	3,860,363 19	.....	2,122,779 44	3,865,027 20
Total to December 31, 1923	132,174,718 42	77,666,693 34	.....	26,121,276 79	10,697,766 98	17,688,981 31	13,993,268 52
Total	567,870,479 64	244,215,711 80	95,292,152 93	53,006,353 50	157,667,280 10	17,688,981 31	98,669,269 88

NOTE.—Figures at December 31, 1922 have been reclassified on the Railway Books to agree with classification on the books of the Department of Railways and Canals.

* Reduced by $11,787,720 interest on 3% Mountain Bonds for seven years after close of construction charged to Government under Agreement.

ROLLING STOCK PURCHASED DURING 1923

—	—	Price	Total Including Sales Tax
		$ cts.	$ cts.
Locomotives			
16 Mountain type	Canadian Locomotive Co	74,500 00	1,245,640 00
16 Consolidated type	American Locomotive Co	47,165 00	754,640 00
5 Pacific type	" "	56,000 00	280,000 00
35 Mikado type	Montreal Locomotive Co	66,500 00	2,431,453 75
10 " "	American Locomotive Co	56,795 00	567,950 00
8 " "	" "	56,625 00	451,208 00
10 " "	Canadian Locomotive Co	66,500 00	694,925 00
10 Boosters	Franklin Rly. Supply Co	8,000 00	81,800 00
10 " applied	Canadian Locomotive Co	1,500 00	15,270 00
10 Switches	" "	41,000 00	430,749 00
8 "	American Locomotive Co	37,570 00	300,560 00
5 "	Lima Locomotive Co	51,700 00	258,500 00
5 "	American Locomotive Co	38,092 00	190,460 00
3 "	Lima Locomotive Co	40,000 00	120,000 00
7 Transfer Switchers	Canadian Locomotive Co	52,500 00	384,037 00
Passenger Equipment			
35 1st Class Coaches	Canadian Car & Foundry Co	Cost plus	1,296,357 35
6 Comb. 1st and 2nd Class Coaches	" "	"	222,232 19
50 Express Refrigerator Cars	National Steel Car Co	10,550 00	551,237 50
20 Baggage Cars	Canadian Car & Foundry Co	24,750 00	517,275 00
10 " "	National Steel Car Co	24,750 00	258,637 50
30 Sleeping Cars	Canadian Car & Foundry Co	49,400 00	1,548,690 00
10 Mail Cars	" "	29,650 00	309,842 50
Freight Equipment			
250 Refrigerator Cars	American Car & Foundry Co	3,132 11	783,027 50
1,000 40-ton Box Cars	Canadian Car & Foundry Co	2,550 00	2,669,750 00
1,000 " "	National Steel Car Co	2,555 84	2,670,852 80
500 " "	Eastern Car Co	2,555 20	1,277,600 00
750 60-ton Box Cars	Canadian Car & Foundry Co	3,200 00	2,508,000 00
250 " "	National Steel Car Co	3,200 00	834,000 00
1,000 40-ton Automobile Cars	Pressed Steel Car Co	2,275 00	2,275,000 00
600 " "	Canadian Car & Foundry Co	2,625 00	1,645,875 00
400 " "	National Steel Car Co	2,625 00	1,097,250 00
100 General Service Cars	Eastern Car Co	2,950 00	295,000 00
100 " "	Pressed Steel Car Co	2,300 00	230,000 00
100 Hopper Cars	Eastern Car Co	2,750 00	287,375 00
100 Hart Ballast Cars	Canadian Car & Foundry Co	3,264 50	341,140 00
12 Depressed Centre Flats	" "	5,930 00	74,362 25
8 All steel Snow Plows	Eastern Car Co	10,500 00	87,780 00
			29,988,478 34
Conversions and Repairs			
1,000 Steel Underframe Box Cars	National Steel Car Co	.....	993,021 42
500 " " "	Canadian Car & Foundry Co	.....	487,099 49
116 All Wood Box Cars	" "	.....	181,804 89
806 Hopper Cars	Eastern Car Co	.....	1,221,659 10
500 Stock Cars	Canadian Car & Foundry Co	.....	125,565 43
321 Refrigerator Cars	National Steel Car Co	.....	965,186 01
140 " "	" "	.....	322,000 00
272 General Service Cars	Eastern Car Co	.....	618,800 00
50 Caboose Cars	Canadian Car & Foundry Co	.....	113,703 06
28 Ore cars	" "	.....	23,991 76
			5,052,831 16

SUMMARY

New Equipment	$29,988,478 34
Conversions and Repairs	5,052,831 16
Total	$35,041,309 50

Right Hon. ARTHUR MEIGHEN: (Leader of the Opposition): Mr. Speaker, my first suggestion to the minister would be that in respect of the annual railway statement it would probably be an improvement if the reports of the president were treated similarly to the statement to which he has just referred, and included in Hansard without perusal. I say that, not in any spirit of cynicism or sarcasm towards the report. It must have impressed all hon. members, though, that the report was extremely long in detail; I will not say confused; but because of the necessity of being cumbered with so much of technical and financial language it was not easily absorbed by hon. members by a mere listening in the House. The reading of it had the effect of burying the minister's latter presentation under a deluge of technical railway terminology, so much so that many hon. members escaped, and those who were here I fear scarcely understood even the clear presentation he made at the last.

I urged a year ago that we should, in the matter of our railway reports to parliament, observe as far as possible a sequence in the whole system and order of presentation. If we do not, we are never going to be able to really grasp and understand the subject. I cannot see very much of the parallel in the method the minister adopts this year with that he adopted a year ago, and had I not previously been armed with at least some experience with this question, and particularly with some facts which the minister gave me himself, I am afraid I would have come away very little enlightened by what I have listened to this afternoon.

May I make a reference to the minister's last appeal before I go farther? I am one of those who, I think, can be counted a friend of the National Railways; I would be a very strange individual if I were not. I am one of those, I think one of millions, one of the vast majority of the people of Canada, the almost unanimous total of the people of Canada, who wish earnestly and hopefully success to this system. Nor would I be a party to any course of conduct which sought to imperil that success. I am one of those who believe as well that we have launched the right machinery by which we can best of all hope to make a success of this great enterprise. Canada is in a position unique in the world. With less than nine millions of people, we have the largest single railway enterprise in the world, our possession and our responsibility. No nation five times our size, or ten times, no nation however large, has a parallel responsibility at all. In so far then as the duty of managing a great business venture goes, Canada stands in a place by herself in the world. The first great difficulty was to plan a scheme by which there could be a prospect of making it go. The incorporation of a company with the stock owned by the nation and the appointment of a directorate corresponding to the directorate of a private company was the plan suggested and approved. We now have had some years of experience. While these years have not been fruitful of what could be called unmixed success, nevertheless they have at least taught us this lesson that no better scheme could have been launched and that there was no better system of machinery by which we could have hoped to attain success earlier or more abundant.

We now also have the precept of another body of men who were shouldered with tremendous responsibility too and were asked to devise for the management of a corresponding venture in the Old Land, a system or a mechanism, and who have reported in favour of just such a one as has already been tried in Canada. I refer to the Dawes Reparation Commission, dealing with the question of German reconstruction. They recommend for the management of the railway system of Germany, already for many years the property of the state, a change, placing that management on the corporate basis and under a directorate exactly the same or virtually the same as we have had in this Dominion. So we started right.

There were dangers ahead, as everybody understood. Some of the dangers the Minister of Railways has alluded to in the latter sentences of his address—dangers of inquisition at the hands of parliament, an inquisition embarrassing to the management itself, irritating to the personnel of the management, an inquisition designed for purposes wholly apart from any that go to the success of the system. Those who had to do with the initiation of the National Railways of Canada had some fear of just this thing. Early in its history we were subjected to exactly that style of inquisition. We were not surprised, but we stood in parliament and declared on our responsibility as a government that it was our duty to lay down the rule which we would pursue, and to stand between such questioning and the directorate. We took the responsibility ourselves. We declared that questions that in any way affected the day to day management of the system, or that in any way embarrassed or prejudiced the management, would not be answered in this House. For taking that position we were arraigned throughout the length and breadth of Canada as autocrats, as men who sought to conceal,

as men who denied the representatives of the people those things to which they were justly entitled, and as men who wanted to hide, under some opaque monstrous substance, facts affecting over half the revenue and assets of the people of this Dominion. We had to stand that manner of attack. We were not subjected to that attack at the hands of the present Minister of Railways—he was not in the House—but at the hands of his leader chiefly, and at the hands of all his followers of that day. The hon. member for North Waterloo (Mr. Euler) shakes his head, and this time I have, as before, to make an exception in his case. He proved himself a friend of the National Railways early in its history, and I do not think he found fault with us for taking a stand which it was our duty to take, and which it has been for two and a half years the duty of this government to take, but which it had not the courage to assume. This government should have taken this stand and should have openly admitted that the late government was right, denied any inquisition and refused to answer a question which would prejudice the management in the discharge of its duty. They say that members should not ask questions. We do not depend on the will of members as to the management of this House. We have certain rules which all adopt, and we all follow the rule adopted and abide by it. Why not do it in regard to this matter as in other matters. Let the government take its own responsibility and refuse answers to questions which do not need to be answered for the good of parliament and which should not be answered for the good of the system.

Let me go to the other side of the picture which the minister did not refer to, and which I am sorry he did not take the trouble to discuss. Neither in office nor out of office have I subscribed to the principle that all the doings of the directors of the National Railways and the whole record of management should be a sealed book for all eternity. I have seen certain newspaper articles of recent date and some of older date that seemed to be inspired by that idea. There surely is some method by which all that the management had done may be—subject perhaps to certain restraints, but very, very few—brought under the review of the committee of this House and under the review of parliament and shown up at such a time as in no way to embarrass the management or to interfere with the success of the operation of the system. Who is there who would suggest that the disposal of over half of the revenue of this Dominion, the honesty of that disposal, the capacity or the inefficiency with which the whole thing is managed, must never be reviewed by the shareholders of the corporation and must be closed and relegated to the past; that we have to take the word of one single man, however mighty, that all is well and fine, and that if we attempt to review it and go very far back, we are treading on holy ground and must be prevented. But really that is the position we are in now.

I think there should be a standing committee of this House to which, for example, the report read to-day by the Minister of Railways could be submitted. We spend time here on the estimates of this department and that department; we pass votes for $100, $1,000, $10,000 and so on, we debate some of them for hours and all the while moneys by the millions, yea, by the hundreds of millions, are swiftly expended without our knowledge and we have no concern about it. These moneys are paid out, discharged and disbursed by a directorate. We here in parliament, who are trustees for that money in just the same sense, at least to just the same extent, as we are trustees for the rest of the money of the people of Canada, have not one word to say and have not the right to review it.

Mr. McMASTER: Is not that a very strong argument for what was urged in this House some years ago by the hon. member for Shelburne and Queens (Mr. Fielding), that all the moneys collected for the National Railways should go into consolidated account and should be paid out under resolutions of this House, as other expenditures are paid out?

Mr. MEIGHEN: I do not think so, because when the hon. member urges this proposition he runs counter to the very sound principle which the Minister of Railways enunciated and advocated, but which the government has not the courage to enforce; namely the principle that such immediate and direct control on the part of parliament is inconsistent with the whole system of directorate management, and directorate management is essential to the business success of the enterprise. Some time must elapse before, in my judgment, anything can be fairly, equitably, safely, inquired into, and there may have to be some restraints as to inquiries even applying to matters further back. I can imagine cases where there would be. Something must be left to the directorate in the way of discretion, a prima facie case being made for them as a safeguard against perilous inquisition. But subject to that, all the expenditure of

this money, when it is through and done, should come before a committee of this House, and all the matters that are embraced, for example, in the annual presentations and monthly presentations of the concern should be studied carefully by members of this House. As a matter of fact, we are here in parliament watching with curious and careful eye this little thing and that little thing, and all the while as regards so much more, equal in size, equal in importance, our eyes are blindfolded and we are told that we have to stay in that position in order that the enterprise may go ahead. This is not true. This was never the contention of the late administration. I invite hon. members to read the debate which took place in the month of May, I think, of 1921, and which was initiated by a motion made by the then hon. member for Halifax, the present Chief Justice of the Exchequer Court. Two years and a half have gone by and no step whatever has been taken to bring about just the system of review contemplated both by that motion and by the amendment of the government which ultimately was passed.

Mr. McMASTER: The method which my right hon. friend outlines might have great value as a method of review, but it could have little effect on what is past and gone. It might help as regards the future.

Mr. MEIGHEN:: It would have this effect, that the very knowledge that this review rested with parliament would have a restraining effect on those who, perhaps, are not saints in the organization of the system itself. I do not think we have any more right to assume that in that organization, however efficient—and in the main I think it is efficient we have any higher standard of manhood than we have in the service of the Dominion as a whole outside of the organization. Consequently, the knowledge that this power of inquisition rested with parliament, true, a power that is in a way retroactive alone, nevertheless will have a restraining and a wholesome influence upon the whole management of the enterprise. I should have said that in respect of capital investment, certainly a review by a committee of parliament would be of immediate value, because this parliament has never entrusted to any directorate control of capital investment. This parliament has wisely reserved to itself that entire control. We have not always been permitted to exercise it. The control which parliament has reserved to itself has been invaded, not, I hope, frequently, but certainly on one or more occasions, and perhaps without being unduly severe, I may comment on the very great brevity in the part of the president's report which deals with the Scribe hotel.

Mr. McMASTER: Does the hon. member not feel that, however wide the discretion given to the directors is, the main features of policy must remain under the control of this House?

Mr. MEIGHEN: One may use the words "features of policy" in too detailed a sense. I would rather say "principles of policy".

Mr. McMASTER: In broad lines of policy.

Mr. MEIGHEN: Yes, broad lines of policy must remain under the control of parliament.

I want to review now some of the facts and figures brought out by the minister and by the president in his report. Comparing the year 1923 with the year 1922, regard must be had to two or three very important considerations. Although, perhaps, the year 1922 might have been the same, certainly the condition could not have been the same before, but actually and necessarily in 1923, for the first time we had the advantages of an amalgamated system. We had the Grand Trunk railway and the National railways, the old Canadian Northern and the government railways, all operated as one entity instead of as two entities. That there would be economies and advantages in the way of one management by this amalgamation, everyone anticipated. I for one anticipated much greater economy than now appears in evidence. Perhaps, however, I had not ground for the anticipation. All I ask now is that hon. members consider that this advantage appertained to 1923 and is an infinitely greater advantage than all the rather picayune things referred to by the minister as unfavourable to the operations of that year. There is another feature. The year 1923, from a freight carrying standpoint, was the most abundant year we have ever known; 1923 witnessed a crop production of some 470,000,000 bushels, seventy million bushels more in this respect alone than that of any previous year. Consequently the railway got the benefit of the freight that resulted. These matters I draw attention to. I cannot think of any major factor favourable to the previous years as against 1923.

I come now to review the results. I do so more in a spirit of examination and inquiry than in a spirit of criticism. I do not pretend to have had that very close association

with railway management that enables me, with an intelligence satisfactory to myself, to analyze railway reports and to analyze particularly the mass of figures which the minister presented to-day. I open by saying that I do feel a little disappointed that 1923 has not resulted better. In the debate on the Address, I gave to the House the actual figures for the whole year's operations, and the minister's figures to-day confirm them to a dollar. Those were correct. In certain of his figures to-day there is a very slight variation, due, I presume, to the admission or the exclusion of the Central Vermont. This, however, is not material, at least, it is not substantial. The figures that I gave at that time showed that, in respect of one account, that is what is called operating income account, we had an improvement over the year before of $17,500,747.15. Those are precisely reflected now in the figures given by the minister, figures which he was good enough to supply me with in advance from the company itself. In the next account though, non-operating account, which is really just as much operation as the previous one, indeed, exactly the same, there is not an improvement but a diminution from the year before of $2,170,256.35. In the third account, which includes fixed charges and many other items such as payments for cars leased, rent for joint terminals and facilities, supply of freight cars and the like of that, if we take out the fixed charges, there is no improvement again. On the contrary, there is a falling off by $3,269,190.12. There is not a bit of use in blinding ourselves to any one of these three, for each represents dollars just as much as the other; and adding all three together the net improvement, not taking into account fixed charges, is exactly $12,061,270.69.

Mr. GRAHAM: That is the amount by which the railways will be able to reduce the fixed charges on loans from the public.

Mr. MEIGHEN: No; they will not be able to do that, and I will show why in a moment.

Mr. GRAHAM: I think so.

Mr. MEIGHEN: This is the amount of net improvement, assuming that they just had the same interest to pay on funded debt in 1923 as in 1922; it is the amount of improvement over the year before. I hope the minister will see where he is wrong. I am not giving the net results; I am giving the improvement over the year before, which was $12,061,270.69. Coming now to the fixed charges, the figures were $59,400,476.11 for 1922 and $65,199,323.95 for the year 1923, or an increase in fixed charges of $5,798,847.84. And most of the increase was due the government. So that the net improvement for the year is exactly $6,262,422.84.

Mr. GRAHAM: My hon. friend and I agree exactly.

Mr. MEIGHEN: I am glad of that.

Mr. GRAHAM: In 1923 the fixed charges owed the public were in round figures $35,000,000, which includes the $5,000,000 of increase in fixed charges. Against that $35,000,000 there can be deducted $12,000,000, leaving a balance at December 31 due the public of $22,000,000.

Mr. MEIGHEN: There should be no difference between the minister and myself on this point.

Mr. GRAHAM: There is not.

Mr. MEIGHEN: There is not the least reason why there should be, but I may put it more clearly. Outside of fixed charges the betterment is $12,061,270.69 over the year before, if we are assuming that the increase in fixed charges is wholly due the government. Of course the Minister of Finance does not have to provide that money; there is no use in his handing that money to the railways to have it handed back to himself. Consequently the Minister of Finance, as compared with the year before, would require that much less money for the railways. This is the only conclusion one can come to from these figures; or rather it is an additional conclusion. We know that the improvement is, in round figures, $12,061,000 outside of increased fixed charges, and we know that the Minister of Finance requires that much less for the railways. So far so good. Taking into account fixed charges—for we must do so if we are going to face the situation and not merely put behind us what we do not like—the improvement is reduced to $6,262,422.45. Well, $6,000,000 is a substantial amount and I welcome that reduction; I wish I could welcome it more heartily, and the reasons for my reserve I shall give later. However, I welcome it such as it is. But when, taking into account the fixed charges, we find that the deficit is $51,697,674.54, we are not likely to become very enthusiastic about very rapidly overtaking that immense figure. That sum includes of course not only the moneys due outsiders, the public, for interest, but moneys due the government as well. The moneys due outsiders amount approximately to $36,000,000, within a very few dollars, and the moneys due the government

total $29,166,505. So that as regards the minister's statement, that we can now hopefully look forward to the time when we shall be able to overtake at least the moneys due the public, I am afraid that at the rate we are going we shall have to wait a period of six years before we can do this. I make this remark chiefly because there is attributed to the president, in more speeches than one, the assertion that in two more years we shall be past deficits. But at the rate we went last year I say we shall not be past deficits for six years; and if you include the moneys due the country—and why we should not include them I do not know, inasmuch as they are exactly the same except that the minister does not have to find money to pay himself—it is going to take us about eleven years to come square with the balance sheet, judging by the rate we proceeded in 1923.

Now I come to what I consider a more serious phase of the inquiry. No one would more like to find better results than I would myself, and I had hoped that we should get to that stage sooner than we are doing. The rate at which we have improved this year is not, however, so great as the rate by which we improved in 1922 over 1921. The minister knows that we improved much faster that year; and that year showed a more rapid rate of improvement still over the preceding period. It is not of course conclusive evidence against the management, that we are not improving as rapidly as we were doing before, any more than it would be conclusive evidence against the late administration that the debt is not increasing now as fast as it did under us. There was a war then, there is not one to-day; and we had to meet the consequences of a war, whereas the government to-day has not. Similarly, the chances of the railways for immediate improvement after large sums are expended in the betterment of the system are rather better than they are going to be later on when more normal conditions are reached.

I realize of course that it is a digression, but I must refer to the fact that in his speech the minister intimated to the House that the government intended to improve the management by the addition of certain business men living close to the head office. Well, I do not offer any comment on the suggestion now save this, that, speaking without the confidence of Sir Henry Thornton, I venture to suggest that if his inner mind were known, instead of asking for additions to his directorate he would ask for some subtractions first. I have always had a measure of sympathy with the new president, struggling as he is under the impedimenta of the directorate which the government foisted upon him. The minister speaks of the great assistance and information which these directors will bring from the ends of Canada. Well, the one who comes from the farthest end, just at the present moment is stumping in Queen Charlotte Islands in the Pacific on behalf of the Liberal candidate. This is the service he is rendering the system, and I have no doubt it is equal in importance to the service he has rendered from the very first hour of his appointment. I should like to know what the distinguished ex-member of the House from Quebec, Colonel Talbot, has done to improve the balance sheet. It would be interesting to get the real opinion of the minister as to the value of that acquisition. Yes, and of 80 per cent of them all. "Oh," the minister says, "you should not attack the directorate. By attacking them they may resign. It is not what they do with the Canadian Pacific Railway." Well, let him first take a lesson out of his own record. What was the attack made by this government on the directorate? They threw the directorate into the sea. And for no cause at all, without even an allegation, without even a suggestion of incompetence, without the possibility of a suggestion of partisanship in any one of them.

An hon. MEMBER: Oh, oh.

Mr. MEIGHEN: If there is anybody mumbling, he does not know. Does anybody suggest Tory partisanship against Mr. Barnhill of St. John? Why was he thrown into the bay? Any suggestion of Tory partisanship against Mr. Riley of Winnipeg? Why was he thrown in a somersault? And Mr. Wood of Toronto—

Mr. GRAHAM: I would not omit the Pictou candidate.

Mr. MEIGHEN: Who was he?

Mr. GRAHAM: The opponent of Mr. Macdonald.

Mr. MEIGHEN: Yes, Colonel Cantley contested the seat since, but he took no part in politics before. And he was not dismissed by the government. I am not speaking of him; he was not touched. These men I speak of are the men the government attacked, and, doing so, they set a precedent which makes the management of that system doubly difficult for many years to come. That was the most fatal precedent this government ever set. When I use that language, I use very strong language indeed. How is any president after this to feel that he has the least

security, however much he values his directorate—and I am not suggesting, because I have more respect for him than to imagine it, that the present president values his directorate very much—

Mr. McMASTER: May I interject a question? What does the hon. member think of the idea of having business men as directors? Does he think it a wise plan or does he not?

Mr. MEIGHEN: There can be arguments advanced against the plan.

Mr. POWER: Yes or no.

Mr. MEIGHEN: I do not think we are going to be able to get on without having various parts of the Dominion represented on the directorate. At the same time, there is a great deal to be said for a more immediate acquaintance with the management on the part of the Minister of Railways and the government itself. I do not know that I would care to commit myself definitely one way or the other. Suffice to say that I am not attributing any error to this administration in that regard, because we ourselves adopted the plan which at the time we believed would be best.

Mr. POWER: That is not an answer. The answer is yes or no.

Mr. MEIGHEN: I think the hon. member's answers would usually be both. I have given, I think, a pretty frank answer. I am inclined to the view that various parts of the Dominion must be represented, and, consequently, that the directorate system must be followed.

I was proceeding to a comparison of 1923 with 1922, and I came to the conclusion—rather, I read the conclusion from the railway report itself—that the improvement was only some $6,200,000 with $65,000,000 to overtake. I now come to an examination of the method by which the improvement of $6,200,000 is arrived at. Holding in my hand what is described as the income statement of the system for the year ending December 1923, I find the figures given for the entire year in detail as compared with the year before.

Mr. EULER: If my hon. friend will permit me? I think the minister said that the deficit to be overtaken was $51,000,000, and our net improvement $6,000,000. That would not take eleven years to recover; it would take eight and a half years.

Mr. MEIGHEN: I think the hon. member is right. I was looking at the $65,000,000 of fixed charges.

Mr. EULER: But that is not the deficit.

Mr. MEIGHEN: No. The $65,000,000 of fixed charges would account for eleven years; but as a matter of fact we have overtaken part of that already, and the point made by the hon. member is right. We have already overtaken sufficient to bring us down to $51,000,000, so it would take about eight odd years at the pace we are going instead of eleven years. I am very glad the hon. gentleman drew that to my attention. This, however, is widely at variance with the prophecies of the president, and in face of the figures before me I really cannot understand his making them.

Mr. GRAHAM: From what I know of the president's statements, I think he had reference to the amount due the public, not to the entire liability.

Mr. MEIGHEN: Such did not appear from the report of his addresses.

Mr. GRAHAM: Unless the reporter was thoroughly conversant with the subject he would not be able to give the correct effect of the addresses.

Mr. MEIGHEN: Certainly the people are hoping for an early balancing of the railway budget, but they do not want to found their hopes on illusory promises. But even if he referred to the interest due the public, he is four years out at that, for it would take six years to overtake the deficit at the rate of improvement last year.

Now I come to inquire whether we have a right to rely—I was going to say on the bona fide—on the dependability of the improvement of $6,200,000 odd for 1923. These income statements present the revenues and expenditures for all the lines, and as well the revenues and expenditures for each division. Some of the figures were given by the minister in his address. He stated, for example, that in respect of revenue there was an increase in all classes—freight, passenger, baggage, sleeping car, parlour car, and the like, except mail. I believe that statement is correct. There was a considerable and a gratifying increase in the revenue, and I am not disposed to deny to the activities of the organization credit for that increase. I know the increase of previous years was as great if not greater, but we are glad to see increases. We have, of course in all fairness to keep in mind that the production, particularly in western Canada, was very much in excess of the year before.

Coming, though, to the other figures—and I am speaking now of all the lines combined—I find the amount expended for maintenance

of way and structures in 1923 was $44,781,775, and the amount expended the year before, $45,623,000. The difference is not relatively very great, but there is a diminution of about one million dollars, at a time when there was a substantial increase of traffic throughout the entire year. In the same year the Canadian Pacific, on figures which I made inquiry for and obtained, increased their maintenance of way expenditure, instead of diminishing it, by $3,405,126. But the next item arouses still greater curiosity. In maintenance of equipment the expenditure for 1923 was $52,176,000, the expenditure on the same account for 1922 was $56,160,700. Hon. members will see that there was spent on maintenance of equipment about $4,000,000 less in 1923 than in 1922. And a curious feature is that in the month of December 1922 it took $7,370,000 to maintain equipment, whereas in the month of December 1923 it took only $4,212,806, a reduction in one month of over $3,000,000. Really it is impossible to escape the fear that an attempt was being made in the latter part of that month to improve the operating showing either by carrying forward necessary maintenance or by taking care of it in some other way.

Now I come to more details still. In the matter of transportation costs, that is to say, the cost of haulage of the goods, the account that very largely discloses the efficiency of management, the success with which the management have secured full cars, the total weight per car growing according as this account is kept under control—an account that very largely reveals the economy of management,—in this account I find that instead of a diminution there is an increase from $113,000,000 odd in 1922 to $120,000,000 odd in 1923. In miscellaneous operations the figures are about the same. In traffic, that is to say the management of traffic, there is a substantial increase as well.

Now I come to some details in the matter of maintenance of way. I am aware that the minister stated in his address to-day, although he did not make it very clear to me—I am quite prepared to ascribe it to my density; I tried hard to understand it—"Oh", he said, "the reduction in the maintenance of way is because of some reserve maintenance that was gathered into an account in 1922, and we are now charging against that instead of against the regular account."

That is as near as I could understand it. Well, it does not matter. The fact is there is that much less expended, there is that much less money going out for maintenance of way. It is not very great, it is only a million dollars. But in respect of equipment it is very great indeed. In respect of freight car equipment, for example, it is $5,000,000—from twenty-three millions down to eighteen in one year. That is very remarkable. In respect of maintenance of equipment the reduction in 1923 from 1922 is greater than the whole improvement of 1923 over 1922. So I say the foundation seems to be rather weak upon which we can expect a continuation, at least on a fair and complete disclosure of the facts, of even the $6,000,000 improvement shown last year. How can we account, for example, for a reduction from $23,518,811 on freight car repairs in 1922 to $18,289,334 for the very same thing in 1923?

Mr. McMASTER: Does this thought not strike the hon. member: That when these different railways were consolidated, certain of them had run down to a great extent as regards both their road-bed and their equipment; that very large sums were spent on the improvement of the road-bed and the supplying of new equipment, and that that might be a reason why there would be a diminishing ratio of expense in regard to these matters?

Mr. MEIGHEN: Well, it would be just the other way, because last year was the first year of consolidation, and even last year under consolidation—

Mr. McMASTER: Forgive my interrupting, but I was using the word "consolidation" in the sense of the railways being brought together, not necessarily being operated under one management, but co-ordinated, as they were, I think, when my right hon. friend was prime minister. The railways were brought together, though perhaps not consolidated, and my recollection as a member of this House at the time is that very large sums of money were spent on the improvement of the old Grand Trunk and of the old Canadian Northern, both on the road-bed and on new cars. That should, it seems to me, provide a betterment the effect of which would be seen in subsequent years.

Mr. MEIGHEN: I do not think the hon. member has the point exactly. It is true a lot of money was spent on new equipment, but we had new equipment in 1923. We had new equipment in 1922, large amounts of it—I think approximately the same amount each year. In 1923 though, in repairs of the equipment—and the more equipment we have the more repairs there must be—

Mr. McMASTER: Not if it is new equipment.

Mr. MEIGHEN: There would not be as much of the new, but in 1923 we have $5,000,000 or more of a reduction in maintenance of equipment. Does not the hon. member see the possibility of this being done: That in-

stead of spending money on repairs of equipment they call upon the minister to advance capital to buy new equipment while the old cars remain unrepaired? If this was done to any substantial extent it would largely account for just the figures we see before us.

Mr. GRAHAM: If my right hon. friend will look at that report I think he will find that the percentage is given of the cars in good repair as compared with the percentage of those out of repair on the different lines. A comparison of the two as found in the report would show, I think, that the cars of the Canadian National Railways were kept up to standard.

Mr. MEIGHEN: My information is that that has only to do with cars booked for repair; that they do not need to book them for repair unless they want to. The figures to which the minister refers would relate to cars booked for repair alone. The cold fact is that in a year when the railways did more business than ever before and consequently when more repairs would be required—because my information is that the repair account for cars is virtually proportionate to mileage and freight carried—in that year we find a reduction of freight car repairs from $23,000,000 to $18,000,000. Now I do not want to be taken as confirming finally and by way of court of appeal that that is the only explanation, but it does seem to me very strange that such a very great disparity should prevail.

Coming to ties, in maintenance of way, for example, I find that $8,935,000 were spent on tie repairs and tie maintenance in 1922, whereas in 1923, a year of heavier traffic, the amount spent was $6,685,000. This seems hard to account for, too. Will the minister answer this: Is it the practice of the present management to charge the entire cost of the new creosoted tie to capital? If it is, we can easily account for this.

Mr. GRAHAM: I do not know.

Mr. MEIGHEN: If it is done—and I am not saying it is—a scheme of that sort would account for just the figures we find here. Then it is easy to account for a diminution of operating costs, but it is all atoned for by advances for capital. In a word, it is not a fair or full or correct presentation of the facts to the people. I think I have gone far enough to show that in respect of moneys apparently saved in freight car repairs and in tie repairs there are millions more than the whole improvement of 1923 over 1922. Therefore one must be excused for not being wildly optimistic and incurably hopeful of reaching a balanced budget in respect of our railways in the very near future.

There are other details in this report which are equally interesting. When one comes to the transportation costs he finds that virtually all along the line there is a very large increase over the year before, the total increase being approximately $8,000,000. In 1922 one would not look for as great an improvement over 1921 as he would look for in 1923 over 1922. For the most part, the rates for the carriage of our goods were virtually the same in 1923 as they were in 1922. The Crowsnest pass rates came in before the harvest in the West. Consequently, we had the same rates for 1922 and 1923, but we did not have the same rates for 1922 and 1921. The Canadian National Railways in 1922, as against 1921, had to submit to a loss of about $6,000,000 in rate reductions. They had a small reduction in the mountain scale in 1923 over 1922, 10 per cent, but it did not affect the Canadian National Railways very appreciably. Consequently, you would look for a far greater improvement in 1923 over 1922 than you would look for in 1922 over 1921; but you do not find as great. Instead of being as great it is less, and the secret is to be found very largely in an analysis of the transportation account; because I find that whereas the operating improvement of 1922 over 1921, some $14,800,000, is accounted for by a reduction of $12,786,000, or 80 per cent, in the cost of transportation itself, instead of a reduction this year in the cost of transportation we have an increase of the figures I gave a moment ago.

Mr. GRAHAM: May I interrupt for a moment? Cannot my hon. friend see, without any explanation, that it costs more to move two train loads of goods than it does to move one? The greater the traffic, the greater the expense of transportation. The transportation costs were reduced in the previous year because the traffic was reduced. Every extra train load of wheat you draw adds the cost of hauling that load of wheat to the transportation expense, and the greater the amount of traffic hauled by the railways the greater the transportation expense.

Mr. MEIGHEN: That is correct. I never, even by inference, disputed that. In fact, I was trying to drive that home to the minister in respect of maintenance of cars and maintenance of ways. That is very true; it costs more to transport more goods. But here is the point: In respect of the improvement of the one year over the year before, in 1922

over 1921 it is virtually wholly due to reduction of this account, but in respect of 1923 over 1922 none of it is due to reduction; there is an increase, perhaps not very important when you take into account the increase in traffic. It is all due to maintenance of way and maintenance of equipment reduction. Surely the importance of this fact is clear to the minister.

Now I go further. I find that in 1922 there was a reduction in the payroll of $10,753,495, whereas in 1923 there was an increase of $7,714,273. I find many other details to which I could allude, but I do not think the occasion is proper for such an examination as the revelation of those details would entail.

Let me say this: The minister should very carefully go into all the accounts that are returned in the income statement of the Canadian National Railways, not only the minister and the government, but there should be a committee of this House to which these accounts would be submitted, a committee whose duty it would be to examine them thoroughly and acquaint the parliament of Canada with the real facts of the situation. Explanations of these accounts might possibly be given by the officials of the system. They would be very adequate explanations to satisfy me. There looks to me to be an unjust charge to capital, and an unfair reduction of charges to operation. On the face of the returns, at least that is evident. That may be only a prima facie conclusion that one comes to, but certainly it should be the duty of this House to examine fully and to know the inner meaning of all these returns, and know whether there is an answer to the indications which I have sought to convey to the House this afternoon. The desirability of such a committee must be manifest. We have a whole lot of standing committees now; we have had them added to this session, and I think we have some we could very well do without, some that I think are merely shunts, merely pieces of machinery by which initial responsibility in the government can be evaded. We could get rid of some of these standing committees, and then establish a committee which would have reposed in it a duty and a responsibility bigger than any standing committee of this House in the past ever discharged.

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

Sir HENRY DRAYTON: Mr. Speaker, I draw attention to the fact that it is six o'clock.

[Mr. Meighen.]

BUSINESS OF THE HOUSE

Mr. MEIGHEN: What is the business for Friday?

Mr. MACKENZIE KING: We will continue this debate, and possibly resume in supply the estimates of the Department of Soldiers' Civil Re-establishment and the Department of the Interior, if we do not go on with the railway estimates.

Mr. SPEAKER: I lost sight of the fact that to-day was Wednesday, and the House does not sit to-night. I must simply say this: The motion must be disposed of; otherwise, I do not know where we shall be on Friday.

Sir HENRY DRAYTON: I move the adjournment of the debate.

Motion agreed to and debate adjourned.

At six o'clock the House adjourned, without question being put, pursuant to rule.

Friday, May 30, 1924

PENSIONS COMMITTEE

Mr. J. J. DENIS (Joliette) presented the first report of the special committee appointed to consider questions relating to pensions, insurance and re-establishment of returned soldiers, as follows:

Your committee, in accordance with a resolution adopted at their meeting held this day, recommend that the quorum which is now fifteen members be reduced to nine members.

On motion of Mr. Denis (Joliette), the report was concurred in.

On motion of Hon. H. S. Beland (Minister of Soldiers' Civil Re-establishment), the second interim report, dated May, 1924, of the Royal Commission on Pensions and Re-establishment, which was presented to the House on May 12, was referred to the special committee appointed to consider questions relating to the pensions, insurance and re-establishment of returned soldiers.

PRIVATE BILLS

FIRST READING

Bill No. 144 (from the Senate), for the relief of Evelyn Eira Awery.—Mr. Stewart (Hamilton).

SECOND READINGS

Bill No. 129, to incorporate Dominion Electric Protection Company.—Mr. Marcil (Bonaventure).

Bill No. 130, respecting Alliance Nationale.—Mr. Archambault.

Bill No. 131, for the relief of Ruth Ethelind Jackes.—Mr. Ryckman.

Bill No. 132, for the relief of Wilfred John Mitchell.—Mr. Simpson.

Bill No. 133, for the relief of Edward James Bentley.—Mr. Sheard.

Bill No. 134, for the relief of Elizabeth Sylvia Cameron.—Mr. Ross (Kingston).

Bill No. 135, for the relief of Wilhelmina Aird McKay.—Mr. Preston.

Bill No. 136, for the relief of Mary Ellen McClelland.—Mr. Garland (Carleton).

Bill No. 137, for the relief of Annie Jane Bridges.—Mr. Harris.

Bill No. 138, for the relief of Florence Rathbun.—Mr. Thurston.

Bill No. 139, for the relief of William Samuel Morrow.—Mr. Stewart (Leeds).

Bill No. 140, for the relief of Ethel May Macdonald.—Mr. Church.

Bill No. 141, for the relief of Stanley George Harris.—Mr. Sheard.

HUDSON BAY RAILWAY

On the Orders of the Day:

Mr. W. D. EULER (North Waterloo): I should like to submit a question to the Minister of Railways and Canals, (Mr. Graham) based on a report tabled in the House a few days ago. This report is by Mr. D. W. MacLachlan, government engineer, in charge of dredging operations at Port Nelson and is dated as far back as September, 1917, or more than six years ago. In this report Mr. MacLachlan absolutely condemns the whole project of the Hudson Bay railway and says that it is doomed to certain failure. I should like to ask if the report was actually submitted to the government at the time; and, if so, why it was not sooner made public; and whether, if the facts had been known, this country might not have been saved the waste and expenditure of large sums of money made since that time in the matter of the construction of that road?

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): I might say in the first place that the bringing down of the MacLachlan report, as it is called, was all that was covered by the motion of the hon. member for Centre Vancouver (Mr. Stevens). This report by Mr. MacLachlan was not in the department properly, technically speaking. It was a report made to the late chief engineer, and it seems to have been treated as if it were for his information alone. I had not seen the report until I saw it when the order was made by the House. I think it is fair to say that since that time one or two other reports have been made, and I think they ought to be brought down to the House, so that all the facts on both sides of the question should be known by parliament.

Mr. CAMPBELL: Did Mr. MacLachlan not present another report quite opposite to the one referred to, that of 1917, which later report was presented, I understand, in 1918?

Mr. GRAHAM: I do not know that that is the case.

Mr. EULER: The minister had better dig them all up.

Mr. GRAHAM: I have asked the department to-day to discover all the reports that were in the office of the late chief engineer, as I want to give them all to parliament and to let the members make their own selection.

Mr. KNOX: When can we expect these other reports to be laid on the Table?

Mr. GRAHAM: I cannot lay them on the Table without being asked for them. I will ask the department to get me copies of them to-morrow.

Mr. STEVENS: The minister has been good enough to intimate that he will bring down a number of reports so that the members can make a selection. Would he mind making sure that a report made by Commander Wakeham is also brought down when he is bringing down the others? It also might contribute materially to the choice or selection made.

Mr. GRAHAM: What year was that?

Mr. STEVENS: That was a number of years ago. It is not in the Railway department but in the Marine department.

INQUIRIES FOR RETURNS

CANADIAN NATIONAL RAILWAYS—CORRESPONDENCE CONCERNING EMPLOYEES

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): On the 24th March an order of the House was passed on my motion for a copy of correspondence passing between members of parliament and the Canadian National Railways. No return has as yet been brought down. In this connection I asked for the same with certain other matters in a motion of last session. The whole session was consumed in bringing down a mass of stuff that was not asked for and the essential matter asked for was shunted until the session

was over. I extracted just the essential matter for a motion this session and now apparently I cannot get an answer at all.

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): I will not say as usual, but it quite often occurs that my right hon. friend is wrong about these things. I will make an inquiry and see how this matter stands. I am sure it entails a great deal of work. I inquired some two weeks ago concerning it, and if my right hon. friend will look at the motion, he will see that he covered a good deal of territory.

STE. ANNE DE BELLEVUE MILITARY HOSPITAL

On the Orders of the Day:

Hon. J. B. M. BAXTER (St. John City and Counties of St. John and Albert): I beg to inform the House, Mr. Speaker, that I was under an entire misapprehension the other day in regard to a question I asked concerning a matter appertaining to the Department of Soldiers' Civil Re-establishment. I discovered afterwards that, as the minister (Mr. Beland) stated, the return had been brought down. My colleague who had asked for it had assured me that he had no intimation of its having been brought down, but as it happened both of us overlooked Votes and Proceedings. I wish to apologize to the minister for having appeared to throw any doubt on his department.

Hon. H. S. BELAND (Minister of Soldiers' Civil Re-establishment): My hon friend's statement is entirely satisfactory.

BUSINESS OF THE HOUSE

SUPPLY ON THURSDAYS OR FRIDAYS IN CASE OF ADJOURNED DEBATE

On the motion being called:

Resuming the adjourned debate on the motion of the Acting Minister of Finance, that Mr. Speaker do now leave the chair for the House to go again into Committee of Supply.

Mr. SPEAKER: The House is aware, I have no doubt, that on Thursdays and Fridays when the Order of the Day is called for the House to go into committee of Supply as is the case to-day, or to go into committee of Ways and Means, the rule requires that the Speaker shall leave the chair without putting any question. On Wednesday evening the hon. member for West York (Sir Henry Drayton) moved the adjournment of the debate on the report, presented by the Minister of Railways, on the Canadian National Railways. If hon. members will consult section 180 of Beauchesne's Parliamentary Rules and Forms they will see that it is incumbent upon the Speaker to obey standing Rule 17c and leave the chair without question being put on Thursdays and Fridays on going into committee of Supply or of Ways and Means. I quote the following from Section 180:

If an adjourned debate on such an amendment is standing upon the order paper when supply, for consideration of which in committee it is not necessary to propose the question for the Speaker's leaving the chair, is to be taken, the Order of the Day for resuming the adjourned debate is removed, and procedure on the amendment lapses, in order that the Speaker, in obedience to Rule 17c, may leave the chair without question put.

There is no amendment before the Chair at the present moment but there is a motion to adjourn the debate. Irrespective, however, of whether there is a motion or an amendment offered, on Thursdays and Fridays the Speaker must leave the chair without question put. The same rule obtains in England. Strangely enough, the point is stated in England in rule 17 while our own rule is 17c. I shall read the English rule:

Whenever the committee of supply stands as an order of the day, Mr. Speaker shall leave the chair without putting any question, unless on first going into supply on the army, navy, or civil service estimates respectively, or on any vote of credit, an amendment be moved, or question raised, relating to the estimates proposed to be taken into supply.

With reference to this, May, at page 476 has the following comment which I think may aptly be quoted:

If an adjourned debate on that question is standing upon the notice paper when supply, for the consideration of which in committee it is not necessary to propose the question for the Speaker's leaving the chair, is to be taken, the Order of the Day for resuming the adjourned debate is removed, and procedure on the amendment lapses, in order that the Speaker, in obedience to the standing order, may leave the chair without question put.

This of course does not preclude the hon. member from bringing up the question at another sitting when a formal motion is made. or, if the hon. member prefers to take another course, he may continue the debate upon an item being called in committee. That is optional with him. I simply desire to be clear on this point, however; the Speaker has no alternative on Thursdays and Fridays, when he must obey the standing rule and leave the chair without question put, upon the House going into committee of Supply or of Ways and Means.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): You rule, Mr. Speaker, that Order No. 11, which is the adjourned debate, lapses to-day. The effect of that ruling is not, as I apprehend it, that the order is removed from the order paper; it there remains and may be called by the ministry, on government orders, on some future occasion.

Mr. SPEAKER: On any day except Thursdays and Fridays. I repeat, I merely wanted to make the point clear, because I do not wish to prevent the hon. member from continuing the debate. The rule stands and the Speaker must obey it.

SUPPLY

DEPARTMENT OF SOLDIERS' CIVIL RE-ESTABLISHMENT

The House in committee of Supply, Mr. Gordon in the chair.

Soldiers' Civil Re-establishment—care of patients and medical examination of pensioners, $2,600,000.

Hon. H. S. BELAND (Minister of Soldiers' Civil Re-establishment): When we adjourned last Tuesday evening we had been considering this item for some length of time. On that occasion I supplied the committee with considerable information regarding the number of officials on the strength of the department, and I had given the number of patients in the hospitals and sanatoria which are entirely operated by the department, as well as the number of those who are being treated in institutions other than such as are under the control of the department. I had also given some information with regard to the staff, though perhaps the matter was not entirely relevant. At about the hour of adjournment the question was brought up by the hon. member for Kingston (Mr. Ross) concerning the releasing from the administration of the department of a certain tubercular institution in Kingston known as Mowat. At that time my hon. friend intimated that he might have some remarks to make regarding this contemplated departure, and I shall be glad indeed to hear what he has to say in this connection. As I answered the question put by him the other night it is the intention of the department to hand over the Mowat institution to its owners. Under the terms of the lease the department can do this at any time after, I think, five years. When we adjourned last Tuesday my hon. friend from Kingston said he had some suggestions to make in this connection, and I should be glad now to hear what he has to say.

Mr. ROSS (Kingston): I would prefer to deal with the whole matter in general rather than take it up now in detail. But before making any remarks I have one or two questions which I should like the minister to answer. For instance, how many of the patients that are in the St. Anne's and Christie Street hospitals are up, and how many are in bed?

Mr. BELAND: When my hon. friend asked me this question last Tuesday, I answered that it was not possible for me to supply him with this particular information, as the numbers vary from day to day. I can say, though, offhand that quite a substantial proportion of our patients are not bed patients. In this connection we have reached the time when a policy must be evolved for dealing with men who have been under active treatment in our hospital for a considerable period and who may now be considered chronic cases, patients who cannot be benefited by further treatment. The only possible way of dealing with such chronic cases, as it strikes me, would be to provide home care for them, at a much reduced cost to the country and without interfering very much with their comfort.

Mr. ROSS (Kingston): If I understand correctly, a daily report is issued from each hospital of the number of patients in bed and the number up. Is that course not continued?

Mr. BELAND: I think it is a weekly report from the director of medical services. Of course, the number of patients in bed and out varies from week to week.

Mr. ROSS (Kingston): Could the minister give me the last weekly reports from these two hospitals?

Mr. BELAND: I have not got the reports with me, Mr. Chairman. I will get them for my hon. friend if he so desires.

Mr. ROSS (Kingston): Mr. Chairman, some remarks that I should like to make in regard to this item of hospitalization must be deferred until I receive those reports, because the information which I expect to get from them will have a bearing on what I am going to say. I will confine my remarks now to the subject of tubercular cases amongst ex-service men. I am very much interested in this because I fear that the experience which the first division had at the second battle of Ypres has very much to do with the condition of a great many ex-service men to-day. I am aware that the expert advice given to the department is that the gas employed by the Germans at the second battle of Ypres has very little to do with these tubercular cases. I am well aware that the gas which was let loose during that week did not by any means carry over the tubercular bacilli to the men of the first division, but I do know that the injury those men then received should have very much to do with their physical condition in after years. Those medical men who were on duty at that time will remember the thousands of soldiers

brought in suffering from the effects of gas. Such a thing had never been experienced in warfare before. Many men died in the ambulances on the way to the hospitals, and many of those who survived and later were returned to the front dropped dead on the march back to the trenches. The injury to the respiratory tract was very severe, and in my opinion many of these men to-day are suffering from the effects of gas. It is quite true that no bacilli were carried over with that gas, but the mucous membrane of the respiratory tract was practically destroyed and the tract so weakened that after-effects would follow, such as bronchitis, and in many cases tuberculosis. The expert medical advisers of the Board of Pension Commissioners and the Department of Soldiers' Civil Re-establishment, I know, strongly advise against any connection between gas and tubercular cases. But I think I am safe in saying that no medical man can say definitely when tuberculosis began, it being very difficult to diagnose, even with the help of the X-ray and other technical means. I am in great sympathy with our ex-service men who are suffering from tuberculosis. They need the sympathy of the country, and I think that if a man is known at any time to have experienced the effects of poison gas he should be treated as having disability due to service, or at least aggravated by service. Many cases of tuberculosis are being thrown upon the country, and in the opinion of some medical men the disability is due to service, or aggravated by service, although the medical men of the department deny that there is any relation whatever between poison gas and tuberculosis. To-day some of these cases are being supported by the charity of the towns and cities where they live. Now Sir, we have only two institutions absolutely supported by the government for the treatment of ex-service men suffering from tuberculosis, one being the institution known as the Mowat hospital in Kingston. This was started as a provincial organization by the Association of Health in the city of Kingston, which collected funds and, with support from the provincial government, founded the institution. It was taken over by the government during the war, and although it would be a great burden upon any health association to carry the work on, it is now proposed to turn this institution back to the organization which started it.

I think that the government instead of slowing up on this work should go forward. I asked the minister the other night if he was aware of the number at Gravenhurst. Last fall there were 28 ex-service men at Gravenhurst suffering from tuberculosis, who, not coming under a designation of the act, were therefore receiving no support or aid. It would be very difficult for any medical officer, no matter how experienced he was, to say whether the condition of those men was due to service or was not. I suppose that in some cases the cause could be assigned, in others it could not. I think it would be only fair on the government's part to continue that work. Like the member for Cape Breton South (Mr. Carroll) I believe that the government perhaps acted too quickly in the closing of these institutions, and I would like to think that they had given the matter serious consideration before taking that action. Some institution such as the minister has spoken of to-day should be maintained in centres like Kingston, Toronto and London to provide for the treatment of men in those districts. Sydenham hospital at Kingston was closed up and the minister made arrangements for the treatment of certain cases in the two general hospitals while others were dragged away to Toronto and Ste. Anne's for treatment. Conditions are not the same as they were some years ago. We can remember the time in this country when men would leave their families, go away to the bush for six or seven months and know that their families would be taken care of. To-day such charitable conditions do not prevail in the cities and when men leave their families to go to distant centres like Toronto or Montreal they do so with a good deal of apprehension, not knowing what will happen to their families. I think the department has been a little careless in this matter; they take a long time to answer some letters and frequently the member for the district has to intervene to hurry up the correspondence. In some cases I have known these men to be in the institutions several months without any report being given or diagnosis made to determine whether or not they were getting any aid. The closing of Sydenham was just as much a hardship as this. Sydenham hospital was closed for two reasons. The first was, I think, that in that hospital there was a more favourable diagnosis of the cases than there was at some other places. In some instances I have had to check up the department in this respect. One instance I have in mind was a case in which the X-ray examination showed a very grievous condition. The man was sent to Toronto where men less favourable to the patient gave a less favourable report, which made a great deal of difference in his treatment. The second

reason for the closing of Sydenham was pretty much a political reason. In the last election I secured a majority at Sydenham and the minister was besieged with correspondence to allow it to go and with requests also to remove the medical officers from the work—one officer in particular, Dr. Mundell, who on many occasions had been mentioned as the probable Liberal candidate but who for personal reasons supported me. This medical officer had given very long service to this country, first in the medical corps, then in the organization of the signal corps, and his boy came with me as a private to the Great War. For these personal reasons he gave me his support, and of course the minister was at once requested to behead him, which he did.

Before the Mowat hospital is closed I would like the minister to take into consideration the condition in which the men will be left. I pointed out to him at the time of the closing of Sydenham that the treatment in the military hospitals and the hospitals of the Department of Soldiers' Civil Re-establishment was different from that given in the general hospitals. The men are more at home in their own hospitals, and that psychological effect upon the men means a great deal in their treatment. I will admit that in general the treatment given by the department in their hospitals has been good and that complaint has arisen only in isolated cases. The trouble with the medical men is that they have made diagnoses in the past; they have got into a rut, and they are not big enough to admit their mistakes. Let me give you two examples. I have a picture here that I will send over to the minister, relating to a case which I had to force the department to consider. That is the picture of a young boy, the last of four sons of a Kingston family. The boy was in camp with me twice when very young; I never knew him to be sick in his life. He went overseas, reached England just about the time the war closed, and returned with an affection which developed just as the minister sees in that picture. The departmental headquarters refused to have anything to do with this case, but finally they were forced to take him in. He was sent to Sydenham and Toronto, and he died last year. Although there were three other boys he was the only support of his father and mother and he died without any help being given by the department. That case was seen by the medical men and it should have moved the heart of anybody to give him some assistance. Another case was one of rheumatism from which heart trouble developed. The young man was in hospital for treatment but was sent home, according to headquarters, because nothing more could be done for him. I visited the home of that man and I never saw a home so pitiful in my life. It was a straight case of heart disease resulting from rheumatism. They were finally forced to take him into hospital, where he died three weeks after admission. The report given on that case by medical men of the Department of Soldiers' Civil Re-establishment was that it was a new disease. But as I say it was nothing more than heart trouble following on rheumatism. My experience has, possibly, brought more of these ex-service men to me for help than to any other member of the House. In many cases I saw them at the front, I have seen them at home in the hospitals and I have had a great deal to do with them. Now, what is the trouble? The trouble is that the majority of the men are being well looked after and well cared for by this government. But, unfortunately, there is now a small minority of cases that have been diagnosed first one way and then another by the department, and because a mistake was made in the first place, they are not big enough to say now, "Here, we made a mistake," unless you absolutely force them to admit it with a heap of witnesses and other evidence. I admit that those who get treatment get good treatment, but I am going now to give what I think are a few of the troubles which no regulation and no appeal board seems to correct. They show what I would call a lack of sympathy in their attitude towards the men. They will tell you, and we have heard this on the committee very many times, that they are giving the men the benefit of the doubt. Well, I contend that the benefit of the doubt can only be given if in the case of two doctors differing, the man receives help in some way. But they do not give him the benefit of the doubt. If the department's doctor has given an opinion, no matter what the age and the experience of the doctor on the outside, the opinion of the department's doctor goes, and the man gets no benefit. I could give many instances of that. I think the trouble is that the doctors who are dealing with these cases at headquarters have not the experience they should have. I have asked some questions in regard to the medical men who are advising the department to-day. You would expect that they would be men of some length of experience, but what do you find? I asked the board for the length of service, the war record of

these men, and I ascertained that out of nine advisers the chief one is an eye specialist. Now this is not the man to whom they refer their eye cases in Toronto. If the man comes down here he is generally referred to Dr. Courtenay. This chief adviser is an eye specialist, not a general service man. There are two others who were not graduates in medicine at the time of the war, but who have since graduated, and that is their only experience. Now these are not the men who should advise against men of long service. Let me give you an example. I have repeatedly taken the advice of Dr. W. T. Connell, of Kingston. This man was for years the pathologist at Queen's University, a man known as a pathologist not only in Canada but all over the United States, one of the big men in the medical line in Canada. To-day he is at the head of Medicine at Queen's University. Now that man's opinion is constantly being contradicted by men who have graduated since the war, and who have had no other experience, and I think that is one reason why the men who have disabilities suffer.

There are two or three very particular cases that I would like to take up, just to show how the opinions of these men collide. There is the case of a man who enlisted in Chicago in the last year of the war. He came over to Canada, went overseas, and returned with a nerve disability. The man cannot do any work. He had no disability of this kind when he went overseas, but he has this disability now. Now, you can see, it becomes a matter of opinion as between neurologists, one neurologist saying that this man's disability must be due to a sickness which occurred on service, and the other saying that he can find no connection whatever; it is simply a matter of opinion. Finally I got the reason of the man whose opinion was taken. He said that as the arm showed no lessening in size and so on, therefore the trouble could not amount to anything. But here is a man who was well when he went overseas, and who was returned with this disability, and to-day he is walking the streets. The minister and his department have known that cases of this kind have existed for over a year, and yet no recommendation has been brought in as to how they are going to take care of such cases in the future. Let me add that this man on Christmas Day was asked by some ex-service men if he had any place to go to. Having none, but being ashamed to say No, he said, Yes, he had a good place to go to, and he walked the streets all day. We have tried to keep him in the hospital and help him outside the hospital as well. Now a case of this kind does more harm to the department than can be offset by the thousands of cases where they give good treatment. I do not like to bring the thing up as a straight criticism of the department, because I find the department doing a great many things to help; but there is no question that a mistake was made in regard to this man at the beginning; and men like Dr. Connell, who has observed this man for over two years and is satisfied that he has a case, have to see their opinion thrown on the scrap heap and the advice of the younger man taken.

There is another thing that causes a lot of trouble. The department answer you, very often, according to some record they have on the man's file, a record that perhaps shows the man misbehaved at some time; and that has a lot to do with the attitude they take towards him. Let me give the House one or two examples of what I mean. About two years ago I took up with the department here the case of a young fellow who had come into Kingston off the farm where he had worked about a year. That man has a great wound over the sciatic nerve; so that he has what is known to medical men as a drop foot; but it has been repaired to a certain extent. After working on the farm for about a year he came into Kingston to get some treatment or help of some kind. I wrote to the department, because the man had obtained no answer in regard to his case. In their first letter to me the department said that this man was a bootlegger. I took all the means I could of investigating that charge, and found that there was no justification for it whatever. Then I wrote the department and asked them to confirm their charge that this man was a bootlegger, because if he was, I did not care to have much to do with him. They answered that they could not understand why they had made such a charge; there was no evidence against the man. The facts were that this man had been sent to work with his brother-in-law, and they had had a quarrel, and now he was thrown back on the hands of the department. I investigated the charge and found there was no ground for it. About two pages of foolscap were occupied with apologies and expressions of surprise at how this second charge came to be instituted. It was a shame that that man was allowed to engage in farm work. Crippled as he was, with dragging feet how was it to be expected that he could make his way across ploughed fields or fields of stubble? Yet that was the kind of treatment meted out to this man who went overseas and fought for his country.

Another thing in regard to these cases: Unless the medical officer has experience and knows what relation the injury has to the man's ability to work, great injustice is likely to be suffered by the latter. A physician who would make a report on this kind of case and expect the person to go out and work on a farm must have had very little experience in the ability of a man with such an injury to obtain work.

Some time ago a case was brought up of a man who had received a wound in the back that penetrated through to the front, producing a scar of fully twelve inches, with a great amount of injury to the tissues. Now, that man was supposed to be suffering from only fifteen per cent disability whereas it was a matter for wonder that he could work at all. The opinion of practitioners of experience should be obtained in such cases instead of applying to men who have only graduated since the war. Some of these men went overseas as corporals and sergeants, and afterwards were sent back to complete their medical studies. Instead of employing persons of such limited experiences as that, as I pointed out last year, the department should secure the biggest medical men obtainable in Canada for the treatment of these afflicted soldiers.

Now, as to the treatment of tubercular cases: Instead of abandoning this work the department should extend the regulations so as to take in cases with which they do not deal at the present time. I maintain that before finally disposing of the Mowat sanatorium, which is one of the two special treatment hospitals, the department should go further into the matter and see whether or not the operations of such institutions should not be extended, not left to a small group of men and women who are sacrificing a great deal to carry on this work at the present time.

In the next place I think the department should cut out one feature to be found in its regulations in regard to the treatment of disabilities other than those produced by war. The minister and his deputy are well acquainted with the case I am going to describe. It was that of a man who had a disability of so much per cent arising from varicose veins and hernia produced by the war. This man was getting on very well, with his pension and the work he had to do: He was a gardener and was making a very good living. One day he reported for examination before the department. He was taken to Sydenham hospital, but a fire occurred and he was sent from there to St. Anne's, Montreal. There without consulting him they operated twice on his feet for overlapping toes, a condition that was not specially due to war. It was a condition with which the authorities should not have interfered at all. If they did not operate for a condition not due to war then the question of responsibility properly arose. This man, as I say, had a small pension and at first was able to work. But they operated twice on his feet, and the result is that his toes are absolutely rigid. He cannot work, he can get no employment whatever, and the department refuses to accept any responsibility for his case. The man was removed to St. Anne's away from his home and family, away from any of his relatives or friends with whom he could consult. These two operations were performed and to-day his case is absolutely hopeless. He cannot walk, his toes are rigid and stiff as a result of these two operations, and whenever he tries to walk he falls down. That is another case of the kind I am describing. It is a case which does more harm to the department than thousands of good cases in which benefit has resulted to the persons concerned. I am told that in this particular case only intervention prevented a third operation. At any rate the man was sent home helpless to his family.

Mr. PRITCHARD: Did that man, that bootlegger, to whom you referred get any pension when he was on the farm? And the man you spoke of afterwards who was injured —what pension did he get?

Mr. ROSS (Kingston): After a great deal of insisting the man who worked on the farm for a year or so was given a pension.

Mr. PRITCHARD: But the man who was working on the farm—did he get any pension while he was on the farm?

Mr. ROSS (Kingston): No, he was supposed to be all right. I was forced to take his case up and not until after that was he granted better treatment. This is what I am complaining about. I say there is a lack of sympathy and a lack of interest in these cases. To such an extent does that prevail that we have to take these cases up and argue with the department before we can get any action in the desired direction. The department's attitude toward many of these men seems to be one of suspicion. And yet it has treated men whose cases I would not take up, and has failed to treat others whose cases are most worthy. Some of the latter cases have only been dealt with after

4 p.m.

lengthy and insistent correspondence. The man I was talking of continued to work on the farm until he could work no longer, but he could not get the desired aid until I took his case up. But the pension allowance of the other man was only a small one of ten or fifteen dollars. To-day he is absolutely helpless. Before that he supported himself and family through his occupation as a gardener. At the present time he is not able to get outside of the house because of his repeated falls.

There are a great many other cases that would be a source of surprise to the House if they were taken up, but the instances cited will serve to show what is going on. I think the department should be actuated by these principles: In the first place it should take more interest in each case. In the next place the correspondence should be speeded up a little more, and a diagnosis made more quickly. I have a case in mind where no diagnosis was made. After the man was taken to St. Anne's the woman was left without any support whatever and she is to-day a mental wreck. Not until after a lapse of two months was a payment made of $2 a day. In the next place, I hold that those who have to decide upon the cessation of pensions should be men of greater experience than those now charged with that duty.

Mr. SHAW: I hesitate to discuss at all any question involving medical knowledge; but I want to bring to the attention of the minister the case of an ex-soldier,—and I shall have no hesitation in mentioning his name, because the case has been the subject of comment in the public press. I do this for the purpose of indicating what appears to me to be in some way or another a lack of co-ordination or co-operation amongst the various bodies concerned with the welfare of disabled soldiers. This soldier had his case considered by the Great War Veterans' Association, and I asked the secretary of that association to give me a memorandum detailing the facts. The soldier's name is H. S. Liddell:

This man enlisted in the 181st Battalion on May 29, 1916, at Brandon, Manitoba. He was aged 39, and it was subsequently discovered that he had suffered mental disturbances on two occasions prior to enlistment. He served with the Canadian Expeditionary Force approximately three years of which eleven and one-half months were spent in France. Liddell came to Canada in February 1910, and made homestead entry. Upon discharge from the Canadian Expeditionary Force in June, 1919, he made an effort to resume farming activities. His mother joined him during the same year, but found to her amazement that her son was not mentally competent. His condition rapidly grew worse until it became necessary to report him to the authorities.

Within eleven months after discharge, in May, 1920, he was placed under treatment by the Department of Soldiers' Civil Re-establishment, finally being committed to Selkirk asylum. He was released on probation in April, 1921, while under observation during this outbreak, he was examined and reported upon by a number of medical men, at least three of whom were mental specialists. It was unanimously agreed that this condition had been aggravated by service to the extent of 25 per cent. The department accepted responsibility for treatment and awarded allowances to the dependent mother.

In August, 1922, it was reported that Liddell had suffered another outbreak, necessitating institutional care. On this occasion, the department denied all responsibility stating that the disability was of a constitutional nature, and that there had been no mental episode recorded on service; a finding quite contradictory to the original finding upon which treatment had been awarded. The mother was given employment escorting a female patient to England. During her absence in England and without her knowledge, the son was deported. Since that time, she has been in Canada in destitute circumstances and conflicting reports have been received about the welfare of Liddell himself in England. In any event, it is quite clear from medical evidence that he is not mentally stable, although, I understand, he is of a quiet disposition.

I am frank to say that these matters have been brought to the attention of the minister on several occasions, I believe. The deputy minister and the director of medical services have always been insistent that the department could not accept responsibility for institutional care, for the reasons already stated. The minister, however, finally concurred in an order for repatriation.

Meanwhile, the case was brought to appeal before the appeal board and in December, 1923, the appeal of the soldier was sustained. A special appeal was made to the minister by the representatives of the Great War Veterans' Association that, in view of the destitution of the mother, the department should not exercise its right to enter re-appeal. It was pointed out that a reasonable doubt in favour of the appellant had been established. On December 19, 1923, however, the department was committed by the deputy minister to re-appeal. In the meantime, the minister was good enough to provide that special relief be

extended to the mother. As it was evident that several months would elapse before a quorum of the board could be assembled in Winnipeg, the soldiers' adviser waived the right of personal appearance on behalf of Mrs. Liddell and deputized Mr. MacNeil, in this city to act on her behalf at the hearing of the re-appeal. The re-appeal was heard in Ottawa on January 31, 1924, and was rejected, judgment being given in favour of the appellant, that is the soldier, on February 7, 1924. Again, the department was urged to take immediate action to afford Mrs Liddell relief by adjustment of pay and allowances for which her eligibility had been established by the appeal board.

Steps were then taken to determine whether or not pension was indicated as apparently medical treatment was not necessary at all times. Inquiry was made of the Board of Pension Commissioners as to whether or not judgment of the appeal board respecting the eligibility for medical treatment would be accepted in regard to award of pension. On March 29th, however, the board gave the decision: Refusing pension payments to this soldier on the ground that his mental condition existed prior to enlistment, was wilfully concealed on enlistment and was aggravated during service to a negligible extent only. I am informed that the form in which the decision of the Board of Pension Commissioners was given has prevented any further appeal in the matter of pension before the federal appeal board. Aggravation is assumed, but it is described as negligible, and there is no appeal.

The thing that the ordinary individual cannot understand, at least that I cannot understand, is this. This man was accepted for service. If he were mentally unfit, it is a wonder at the time of examination for service that fact was not discovered by the Militia department's officers. The man, it was said, wilfully concealed these facts, but at the same time I presume the man was quite satisfied with his medical condition. He certainly would not go abroad parading his insanity before the public. All the difficulties—the attitude of the Department of Soldiers' Civil Re-establishment in constantly referring this matter back, seeking apparently any avenue of excuse in order to escape payment and the failure of the Board of Pension Commissioners to accept the final judgment of the appeal board in the matter and suggesting that the aggravation, if any, due to service, was only negligible, thus denying the right of the Department of Soldiers' Civil Re-establishment at the outset to pay any compensation whatever, are things which, frankly, I do not understand. It seems to me that if the minister has not already considered these matters, steps should be taken to co-ordinate these departments and to get them working together. I understand that a soldier may receive pay and allowances and treatment from the Department of Soldiers' Civil Re-establishment, but that when he comes to the pension board to ask for a pension, it is like going to an entirely different government. He has to make a new appeal. The pension board do not recognize,—I am informed; I do not know—that there is such a thing as the Department of Soldiers' Civil Re-establishment. There must be something wrong which allows a case, particularly of this character, to go on in the condition in which it has gone on for so many months and finally to wind up with a soldier in this country being deported, I presume, as an undesirable, and his mother being deported also in order to be with her son. I do not mention these facts in a spirit of criticism; I draw this matter to the attention of the minister and the committee which is considering soldiers' problems simply because if these facts are true—and they are given to me as true—they are disgraceful and should not be tolerated for a single moment.

Mr. ROSS (Kingston): The hon. member says the department treats this case as one in which there was mental deficiency prior to enlistment. I know of two similar cases. Is that the attitude the department takes?

Mr. SHAW: I have a copy of the letter written by the secretary of the Board of Pension Commissioners from which I read:

> The decision of the board is that this man's mental condition existed prior to enlistment, was wilfully concealed on enlistment and was aggravated during service to a negligible extent only. Pension payments cannot, therefore, be made to this soldier.

Mr. MacLAREN: Before referring to the question of hospital administration I take this opportunity of joining with the minister, who I feel sure is of the same view as myself, in the regret we all feel at losing only yesterday one of the efficient officers of the department; I refer to Dr. J. A. McCarthy, superintendent of the Lancaster hospital. As the minister and, I have no doubt, his department, know, he was a well-trained, efficient and capable officer, combining with his professional attainments a delightful charm of manner, a ready sympathy and a kind heart which altogether made him a most excellent superintendent of Lancaster hospital.

I desire to say just a few words on the question of hospital administration more particularly in view of statements that have been made in the early part of this year concerning the suggested change of policy of the department which would remove from the executive head of the hospitals the medical professional men who now serve as superintendents and replace them by laymen. I cannot say to what extent this new policy has been carried out nor to what extent, indeed, it has been decided upon. I believe the committee will be interested in hearing from the minister on this point. I understand, however, that in the case of Ste. Anne de Bellevue hospital a layman has been appointed as superintendent in place of the medical man who formerly had charge of the institution. In any case this policy has created considerable unrest among medical officers in the Dominion and in the medical profession generally. I was asked to attend a meeting which was held in February of this year to consider the question, and I believe that similar meetings have been held in various parts of the Dominion. The meeting crystallized its action in a telegram which was sent to the minister (Mr. Beland), and various other ministers of the government, as well as to the director of medical services. This telegram, which is dated February 5, of this year and despatched from St. John, New Brunswick, reads:

> At a meeting of the medical profession held in St. John, New Brunswick, February 5, 1924, Doctor J. H. Allingham, president of New Brunswick Medical Association being in the chair, the following resolution was adopted.
>
> "It having been brought to the attention of the medical profession that it is the intention of the government to make an alteration in the form of management of the D.S.C.R. whereby the supreme authority shall be placed in the hands of laymen in the administrative department and that the office of the medical superintendent in hospitals is about to be abolished and laymen appointed in their places, the profession desires to place upon record its entire disapproval of any such proposed action feeling that it will strike at the root of medical efficiency in the treatment of returned soldiers without presenting any compensatory returns."
>
> E. J. RYAN.

Similar action I understand was taken in other parts of the country in reference to this matter and I hope that the minister will give us some information as to what, if any, change has taken place in the policy of the department in view of this representation which has been submitted to him.

My attitude has been, and is, favourable towards the department, because in the first place I think this is due the department, and secondly, because I feel that one must be very careful not to impair the confidence of the men receiving treatment from the department unless it is well established that there exists grounds for criticising that treatment. On the whole I do not criticise it, and I do not refer to the matter with a view to condemning the department, that is not my attitude; I believe it is my duty to maintain the confidence of the men in the department. Here, however, is a question that does affect the treatment of the soldiers. If it be true that it is proposed to put laymen in charge of these institutions then, though possibly we may be engaging men at a smaller salary, we are certainly appointing those who cannot have the same intimate knowledge of the subject and who naturally therefore must be less capable than the professional men who formerly, and still to a considerable extent have had charge of the hospitals. My view is that in the diminution of officials in the Department of Soldiers' Civil Re-establishment the extra professional members of the staff should be the first to go; and as the lessening process continues the dismissals should be made from the non-professional rather than from the professional side. The question must always necessarily be a medical one, and largely so. Whatever the size of the department may be at any particular time, the work must be pre-eminently of a medical nature. So that I urge the minister to consider this question seriously; for while I agree that it is proper to reduce the staff as far as it is necessary to do so, I am strongly of the opinion that those who are allowed to go should be selected from among the non-professional members of the staff.

Mr. MANION: Whoever approaches the consideration of any phase of the subject relating to returned soldiers, whether he be a member on either side of this House or some one outside the House, wishes to deal with the matter in an absolutely fair spirit. I do not think that generally speaking anybody should desire to play politics with a matter so serious as this. I, like other members, particularly those who had the honour of serving overseas, feel that this department should be given the highest percentage of efficiency, should be in every way improved; and therefore whatever criticisms I may offer—and possibly they will be a little severe in one or two respects—I wish my hon. friend the minister to believe that they are offered only with a desire of helping in whatever way I can to improve the department and not in any captious spirit. I have no reason for believing that the minister does not desire to improve his department in every possible way.

May I also say that everybody feels that the returned soldier should be treated with the very greatest sympathy and the fullest generosity which the country can afford.

The first matter I wish to mention is that which was taken up by my hon. friend from South Wellington (Mr. Guthrie) the other evening—he is absent this afternoon. The minister replied to him, rather heatedly I thought, with regard to his criticism of the department being overstaffed. I wish to inform the minister that there is a very widespread impression abroad that his department is very much overstaffed, especially in its administrative section. I say this without wishing to criticise the minister or the gentleman who is his deputy, for whom I have the utmost respect and a warm personal friendship. At the same time it must not be forgotten that not only in Canada but in England and in every other belligerent country it has been found very difficult to reduce war-time staffs as the work of various departments diminished. It is a very human quality, I think, that those in charge of departments do not like to see their friends laid off, men and women with whom they have worked with the utmost satisfaction and co-operation. But in the present financial condition of the country, if the charge is true—I do not absolutely affirm the charge made by the hon. member for South Wellington; in fact I do not know that he put it forward as a charge—if the statement is true that too much money is being spent on the administration of his department, I think the minister will agree with me that steps should be taken to effect economies by a reduction of staff consistent with efficiency. The hon. member for South Wellington gave some figures, and the minister's defence was that the expenditures were particularly heavy on account of pensions. I pointed out at the time that while the figure of $33,000,000 for pensions was large, the major proportion of the work involved was simply the writing out of cheques, because, although I do not know the exact proportion, it is obvious that a large proportion of the pensions ultimately become permanent, and then the cheques for the periodical payments are made out pretty much as a matter of routine and involve very little administrative work. It is true that temporary pensions may have to be changed within a few months, and in connection with these there would be a considerable amount of administrative work. I have before me figures taken from the Auditor General's report, and certainly a superficial examination of these would lead me to the conclusion that, excluding the pensions department altogether, there is too much money being spent on administrative work. These figures are as follows:

Last year, 1923, the total D.S.C.R. expenditure (not including pensions) amounted to, $12,415,935.
Divided up as follows:
Salaries S.C.R., $5,441,450.

I presume that takes in medical and all other salaries.

Administration, $2,665,230.

Making a total of well over $8,000,000.

Payments to soldiers, $4,309,254.

In other words, the salaries of administration of the Department of Soldiers' Civil Re-establishment, leaving aside pensions altogether—and these figures, I may say, have been given to me by a gentleman who extracted them from the Auditor General's report and vouches for their correctness—amounted to well over two-thirds of the $12,000,000 odd, and one-third only represents payments to soldiers. This is simply an elaboration of the figures given by the hon. member for South Wellington the other evening. Certainly from a superficial examination of the two sets of figures it would appear that too much money is being spent on administration. If that is so, Mr. Chairman, I submit that any money which is being unnecessarily spent on administration or salaries of any kind, whether medical men or other officials, should be used for the benefit of the returned soldiers rather than in payment of salaries to men who do not need the money as the returned men need it. I believe in view of the fact that the impression regarding overstaffing of the department is very widespread—for I have received statements, not merely from men on the street but from officials in the minister's department, whose names naturally I should not care to mention, but I give the minister my word that my information comes from officials and not from junior clerks, to the effect that there is not just mild overstaffing, but very pronounced overstaffing—I submit that the minister, whether he believes the statements or not, should have an investigation made. As a matter of fact I received only this morning a letter—I would not bother reading it for it merely bears the initials of someone whom I do not know—containing very severe charges against the department, but, leaving such information on one side, I have received from many quarters statements showing the widespread impression which prevails regarding the overstaffing of the department, and I think in defence of his department and of his deputy minister and other officials the minister would

be doing a very good work if he instituted a thorough investigation and cleared up the matter to the satisfaction of the people.

I wish for a few moments to touch upon another side of this question which has been raised already by my hon. friend from Kingston (Mr. Ross) and the hon. member for West Calgary (Mr. Shaw) in regard to the occasional case which does not seem to get justice. I admit that the large proportion of cases are well treated, in this regard I agree with the hon. members for Kingston, West Calgary and St. John (Mr. MacLaren); but it is certainly true that every now and then cases do arise, such as those quoted, which cause a terrible feeling of unrest and discontent among our returned soldiers. It does appear to me from my own personal experience that sometimes some of the high-up medical officials of the department—not all of them by any means—do not seem to give the sympathy that such cases merit. The minister perhaps will remember a case with respect to which I wrote him for nearly a year and a half, the case of Charles McAvella, in fact I took it up on the floor last year. At that time no satisfaction had been given. Finally, after a year and a half of correspondence, the medical officer in whose hands the case rested consented to quit hunting up evidence against the man and to permit his treatment in hospital. I use the words advisedly, because that is exactly what occurred; instead of looking at the case in a sympathetic way it was regarded from a cold-blooded business standpoint. Not only that, but in the replies to me the minister gave quotations from statements by his medical officers which were absolutely untrue—I do not mean on the minister's part, but on the part of the medical officers. For instance, the minister was advised that there had been no evidence that the man's disability was due to service at the front. But I had placed upon record, and he had in his hands, evidence not only from men like myself—and I flatter myself that I can give a fair medical opinion, after twenty years' experience—but also from a medical man in Fort William and from Dr. Herbert Bruce, one of the best known surgeons in the Dominion of Canada, who was of the same opinion.

Mr. CARROLL: The hon. gentleman says that an official of the department advised the minister that there was no such evidence filed?

Mr. MANION: The minister stated in a letter to me that that was the statement given to him by this high-up official in his department. I do not know that he said there was no such evidence on file, but the statement was that there was no medical evidence, and he quoted the statements of members of the medical profession in Winnipeg and Ottawa who held a different view. I do not dispute for a minute that the doctors who gave that opinion had the right to do so; I do not claim there was anything like a fifty per cent chance that this man's injury was due to war service. But I have the opinion of a well known doctor of Fort William, a man of twenty-five or thirty years' experience, and of Dr. Herbert Bruce of Toronto, an outstanding surgeon of this country. It is true that all he had before him was my letter explaining the case, but I explained it fairly, and the reply of this high-up medical official was that Dr. Bruce did not know the facts. In other words, his whole attitude was one of searching for possibilities of turning down the case. The man is to-day in the department's hospital at Winnipeg, and he is not getting pay and allowances. He wrote me recently asking me to take up his case, and I told him to take it up himself with the department; that I had made a hard fight even to get treatment and that I did not feel like making much more of a fight unless he took the matter up with the department himself. I presume he has done so; I do not know. The point I am trying to make is that in cases of this kind, where there is some doubt, even if there is a twenty-five per cent doubt, a twenty per cent or even a smaller doubt, if it costs this country a few hundred thousand dollars more for cases like this through some little injustice it is far better to do a little injustice to the treasury than to do an injustice to some individual soldier who has returned from the front. I offer these suggestions in the very best spirit and not with any desire to make political capital either for myself or against anyone. I offer them with a sincere desire, which I know is shared by every man in this House, the minister included, to improve the department in every possible way.

I wish to refer to another point touched upon by the hon. member for Kingston (Mr. Ross) though he did not quite take the attitude that I would take upon it. I was looking up some of my notes at the time and I did not quite catch the whole case, but it was to the effect, I think, that some man's pension had been interfered with because he was bootlegging. Was that not it?

Mr. ROSS (Kingston): They refused to consider the case because there was something on his file about being engaged in bootlegging.

Mr. MANION: That is what I wish to touch upon. I have as much respect for the law, I think, as any ordinary Canadian has, but I do not think the Department of Soldiers' Civil Re-establishment or the Board of Pension Commissioners are a moral squad in this country. I do not care whether the man was bootlegging or not, or what he was doing, they have no right under any circumstances to cut off his pension for that reason. Now I am going to put myself on record, and I do not care whether it offends the uplifting forces of this country or not; that is my attitude on the subject. I have here another case I would like to put before the minister. It is really a pension case, but of exactly the same type, only it was a charge of immoral life against a woman which, it is claimed, was disproved. The case may be cleared up now, but I have a whole file of letters in regard to it.

Mr. BELAND: Is that a Winnipeg case?

Mr. MANION: Yes. Is it cleared up?

Mr. BELAND: Not that I know of.

Mr. MANION: Would the minister prefer that I deal with this case later, or would he like me to state it now and get done with it?

Mr. BELAND: Let us have it now.

Mr. MANION: I wish to submit again that I have never been able to understand how it can be the business of the pension board or of the Department of Soldiers' Civil Re-establishment to look into the moral character of some poor chap who comes back from the front. Suppose a man has lost his leg at the front—

Mr. PUTNAM: Do they make any distinction in the army?

Mr. MANION: No, not a bit. If a man was the worst criminal unhanged but was a good soldier he was accepted, unless he committed some crime while in service that interfered with his duties. In fact, I may go further and say that some of the best soldiers I met over there were men who had been discredited at home. What I was going to say was this: Suppose a man comes back from the front with a leg off. He is having a hard time to earn a living. He gets a pension of say, $40 a month, which is obviously not enough to live on, and he decides to do what thousands of people in this province are doing—bootlegging.

Mr. CARROLL: Respectable people.

Mr. MANION: Yes, and respectable people, as my hon. friend says,—good church people; I know lots of them who are very regular in attendance at church and who are bootlegging. I do not see that it is any business of this government to investigate a man's activities, we will say, in bootlegging, if that happens to be the species of trade he takes up. If he is trying to earn a living in that way I do not see that he is any worse than thousands of other people in this province, some of them parading the tens of thousands they have made in this manner. I think I have made myself clear enough on that point.

As to the case I was going to submit to the minister, I will barely mention it because it has not come under my direct attention. If it has not been settled I should like to draw it to the attention of the minister with a view to his taking it up and trying to have it settled one way or the other. I have the file containing many letters and telegrams in regard to the case. I will read simply one telegram. The letters are all along the same line, and they are from various war veterans' associations. The telegram is from the War Veterans' Association in the town of Barwick, Ontario, in my own riding, but I have also letters from Winnipeg, Fort William, Port Arthur and many other places. It is signed by Thomas Hood, secretary of the Barwick branch of the Great War Veterans' Association, and is as follows:

Beseech your assistance in case of—

Then follows the number and the name, but I do not think I will give them. If the minister wishes it I can give them to him privately.

Mr. BELAND: I know the name.

Mr. MANION:

—deceased, widow's pension—

That is, the pension of the widow of the deceased.

—discontinued November 1922 for alleged immorality. Winnipeg office Pension Board have conducted repeated investigations and fully satisfied suspicions groundless. Commissioners stubbornly refuse to reinstate pension. Widow is nearly fifty years old, frail, in ill health and entirely destitute. Drastic action by yourself and others only remedy. We ask you to demand dismissal of present Board of Pension Commissioners.

I am not going so far as that, but I certainly ask, without personally knowing anything about the case, that the minister take it up, if he has not already done so, and have it thoroughly investigated with a view to seeing that justice is done.

In closing, then, I repeat that any remarks I have made have not been presented with any ulterior motive, but simply with that desire which I am sure we all have, to improve in every possible way this department which should be dear to the hearts of all Canadian people.

Mr. BELAND: Mr. Chairman, just a word in reply to the remarks that have been made by the hon. member for Kingston, the hon. member for West Calgary, the hon. member for St. John, and the hon. member who has just taken his seat (Mr Manion). I may say that I am accepting the remarks that have been made in the spirit in which they have been presented to the House. I realize that it is constructive criticism of a work which everybody will admit is extremely involved and difficult.

A number of individual cases have been referred to. Undoubtedly more individual cases could be cited to the House as an example either of lack of efficiency or lack of sympathy on the part of medical officials and other officials of the department. It is very true, as has been properly stated by the hon. member for Kingston, that one case of hardship draws more criticism and causes more discontent amongst the population than a thousand cases which are dealt with satisfactorily. If the committee will bear with me for a moment I will just give a few figures, from memory, to show to what an extent the work of this department is carried on. The department of Soldiers' Civil Re-establishment has to-day on its books 63,000 pensioners; 43,000 soldiers who are suffering from a disability are receiving a pension, and in round figures 20,000 dependents, mainly widows and widowed mothers. So that if you should find in this country fifty cases of men or widows who are refused pensions, it would not be such a very large proportion compared with the total number who have been awarded a pension. I agree entirely with what has been said, that if it is at all possible, no mistake should be made, no injustice, not even the slightest, should be done by the department. This figure I have given, 63,000, represents only pensioners. Consider also, for a moment, the number of men who are treated in one year. Leaving aside the 3,360 men who are now receiving active treatment in hospitals, the department has treated 167,000 times during the year men who have seen service at the front or who have been engaged in the army in any branch. So that in the treatment section also, if a few men are refused treatment when they claim they are entitled to it, though it is regrettable if an injustice is done, the proportion refused treatment compared with the total number who have received fair treatment is not in any way too large. But still my efforts have been directed always towards this goal, that any man who has the remotest ground upon which to base a claim for pension or treatment should receive pension or treatment.

Now let us make a distinction between the Board of Pension Commissioners and the department itself, that is, that part of the department which deals with treatment. The Board of Pension Commissioners is a tribunal constituted by a statute of this parliament as an independent tribunal, as independent of me, or for that matter of you, Mr. Chairman, and the members of this House, as the Supreme Court of Canada. I cannot direct, and no minister before me could, and if the statute is not changed, no minister after me can, direct the board to award or refuse a pension, or to increase or decrease a pension. It is absolutely beyond me.

Mr. ROSS (Kingston): Will the minister permit questions as he goes along; otherwise certain points may be lost sight of. We are, I think, proceeding in a good-natured way.

Mr. BELAND: Certainly, at any time.

Mr. ROSS (Kingston): The Board of Pension Commissioners, of course, has the decision, but it is made on the advice of these medical men, and these nine men that I refer to are serving the Board of Pension Commissioners and also the Department of Soldiers' Civil Re-establishment, with the exception of the units. I was directing my criticism to that.

Mr. BELAND: There are a number of medical men, of course, who, as my hon. friend suggests, have to do with both the treatment section and the pension section, but the Board of Pension Commissioners have a body of medical men to themselves, with which I have nothing to do in any way, shape or form; there are nine of them, I think.

Mr. ROSS (Kingston): These are the nine I spoke of?

Mr. BELAND: Exactly; we have nothing to do with the medical advisers of the Board of Pension Commissioners. They select their own advisers, and out of deference to them I never interfere with their selections. I coud not impose on them a medical man as their adviser. They are an independent tribunal, and they have nine medical men

But outside of these nine medical men who are attached to the board, there are a number of medical men in every great city of Canada. and here at headquarters, over whom I have some jurisdiction. I could remove them all; I could replace them all; but I may say that since I have been in that department I do not think I have changed five of these men. They were there before, and if I am well informed, and I am subject to correction by my hon. friend, they are amongst the most outstanding in the medical profession of Canada. Just for the sake of enlightening the committee, I will give the names of a few of the men who are consulted in Toronto in connection with the disabilities and diseases of soldiers. I have here the list. I do not know any of these men personally, but I am told that they are among the most outstanding medical men in the city of Toronto. There are for instance, Dr. Martin, Dr. Curtis, Dr. Gilchrist, Dr. Fletcher, Dr. Norwich, Dr. Starr, Dr. Boyer, Dr. Pentecost, Dr. Ryerson, Dr. Shenstone, Dr. Maclaurin, Dr. Gunn, Dr. Cole, Dr. Murray, Dr. Clare, Dr. Lemesurier. These men have their specialties. Some of them are medical advisers, some are surgeons, some neurologists, some nose and throat specialists, some chest specialists, exclusively, and so on. I have many times myself asked the director of medical services, "You rely upon the opinion of these men, but are they outstanding in their profession, are they absolutely reliable in a professional sense?" And every time the answer given me was: "These men are amongst the most prominent of the profession," and I have never heard anything to the contrary. I agree with my hon. friend from Kingston that the medical gentleman to whom he referred is also an outstanding specialist in Kingston.

Mr. ROSS (Kingston): I suppose the minister understands my criticism. It was the opinion of this outstanding man who went up to the board that was turned down by men who did not have anything like his experience.

Mr. BELAND: No doubt some of these cases happen, and I regret that, as my hon. friend does, but all I can do is to direct the criticism to the board, and they say to me as they would say to my hon. friend if he were the minister, "You have no jurisdiction; we are interpreting the statute."

Mr. MANION: That is true of the pension board, but not of the Department of Soldiers' Civil Re-establishment.

Mr. BELAND: I am coming to that. When treatment is refused to a man we are entirely responsible. If a mistake has been made in refusing treatment to a returned soldier, I am to blame, or my officials under me, and I suppose I am responsible for them, though I must admit that only a very small proportion of individual cases come before the minister; but however small is that proportion, there is not one day in the year but I examine personally ten different files, and as my hon. friend (Mr. Manion) who has had experience in this line knows, it is extremely long, involved, and intricate work to draw a file, which may be two inches thick. Well, we have to go into them. I have been delving into them day after day, and I think in most cases we have been able to adjust matters. As I said a year ago, medical science is not exact, and it will take a long time before it is exact. It has nothing in common with mathematics. Doctors disagree, and it is exceedingly difficult in some cases to say in any definite manner that a man is suffering from a disability that is related to his war service. In every case my instructions have been to this effect: Where there is a doubt, give treatment, if not with pay and allowances, without pay and allowances. We have some jurisdiction in this connection. We have a large number of men who are under treatment without pay and allowances, because there is nothing which would indicate that their malady or their disease is related to their war service, except in a very remote manner, and the consensus of medical opinion is that it is not related to service.

Mr. MANION: I agree that there are cases such as the minister speaks of, and this one I cited was one of them which probably should have been given treatment on the off-chance that the disability was due to service. That was all I ever asked for, an investigation; I never asked for anything else. But the minister's officials took exactly the same stand in that case also—and that is the argument I am making. They not only took the same stand but misquoted me by stating that I had asked for pay and allowances when I never had done anything of the kind. In cases where doubt exists it should be the duty of the department to put the man in the hospital and give him a little treatment. After all, it only means a very small amount of money to the Dominion of Canada.

Mr. BELAND: My hon. friend is quite right as regards the individual cases he has quoted. I remember very well the long correspondence there was in this particular case and ultimately, happily, I was induced

to direct that this man should be treated. The opinion of Dr. Bruce was a very weighty one, and I came to the conclusion that we should yield. Very well, we have yielded.

Another case which has been brought to the attention of the committee is that of Liddell. I have not the file before me and have not looked at it for a long time. I knew the facts of the case perfectly at an earlier date, but I do not think I am thoroughly conversant with the circumstances at the moment. The case is a pathetic one inasmuch as the man was deported. Immediately I had learned of the deportation I took steps to have the Immigration department reconsider its decision. The department said the man had unwittingly been deported and his repatriation was ordered immediately, but he did not avail himself of the terms of the order. The widowed mother was awarded pay and allowances by the department and these were also made retroactive. I think we have adjusted this case. The question is asked why this man was refused treatment or a pension in the first place. Well, the refusal was based on the ground that before enlistment he suffered from the disabilities he was complaining of at the moment. That was the general ground for the refusal. Was the disability aggravated during service? Well, the Board of Pension Commissioners said no, or only to a negligible extent.

Mr. CARROLL: Was it not admitted that there was some aggravation of disability due to service and on that account was not a pension granted based on 25 per cent disability?

Mr. BELAND: I was not aware of that. At any rate, the case has been adjusted. It is a pathetic case and was the subject of a great deal of comment in conversation among the public and in the press.

Mr. ROSS (Kingston): Was the refusal of treatment in the Liddell case due to the fact that he was supposed to be mentally deficient previously?

Mr. BELAND: Yes, that was a ground.

Mr. ROSS (Kingston): The same as in the Stoplin case. The department found the man a little deficient mentally but he was considered sane enough for service overseas. There were probably many others in the same condition, and I do not think it right to make that one of the reasons for a refusal to grant treatment or pension.

Mr. BELAND: It is a pretty difficult thing to treat every individual case on its merits.

[Mr. Béland.]

There have been undoubtedly cases of real or apparent hardship but there is no reason why this should be so. Parliament has provided plenty of money for this purpose although some hon. gentlemen opposite are claiming that we are spending too much. Personally I do not think that we are. Leaving for one moment the consideration of individual cases, let me say that when I took charge of the department the estimates submitted to the House amounted to over $19,000,000. This year we are asking for a vote of $9,000,000, so in the space of two and a half or three years we have reduced the expenditure by $10,000,000 or at the rate of $3,000,000 a year. I submit that you cannot reduce this expenditure at a faster rate than $3,000,000; it is impossible to do it. We may have too large a staff but I would point out that since I assumed control of the department the number of employees has been reduced by two thousand. It requires some courage and—shall I say—a tough heart, sometimes, to reduce the employees at that rate in a staff where there are so many returned men. I contend it will not be possible to carry out reductions at any faster rate than that. It is said that

5 p.m.

many of the staff are engaged in clerical work. That may be, but most of our employees are performing services which are beneficial to the returned men. In this connection may I use an illustration? How much does the Post Office Department spend in Canada in one year? In round figures the sum of $20,000,000? Of that amount how much goes directly to the people of Canada, or to the men who are served by the department? The contractors, the mail carriers, the postmasters benefit directly, but can this argument be maintained? In the city of Toronto the Post Office Department is spending a million of dollars and not one cent of that money reaches the pocket of the ordinary inhabitant? Of course not. The people there receive letters and parcels through the mail but they are not given any direct payment in money. In Canada there is a population of 9,000,000. At the rate of five persons to a family that would mean 2,000,000 families in the Dominion. Of the post office expenditure not one cent of money reaches these families direct. Do they complain on that account, and if they did would there be any ground for complaint? No. Why not? Because by reason of that expenditure they are receiving services without which they could not possibly get along There are returned men who require artificial limbs, who require clinical treatment, who require active

treatment in hospitals, who require food. Are you going to close the door of the department to them? Are you going to refuse to admit those who knock at the door? Are you going to say to them "We cannot admit you. The only thing we can do for you is to give you five dollars but you must not buy an artificial leg with it because the moment you do so you will not have any money left in your pocket." I wonder if the soldiers would be satisfied with that. No. Perhaps there are too many employees and I will follow the suggestion given by the hon. member for Fort William and Rainy River (Mr. Manion). I will make a closer investigation, and undoubtedly we will release, as we have been doing in the past at the rate of twenty a week, persons who have been heretofore employed.

The hon. member for St. John City (Mr. MacLaren) has brought to our attention the fact that in one particular case the department had replaced by a layman a medical man at the head of one institution. That is true and, perhaps, a word of explanation is due the committee. Ste. Anne's hospital near Montreal is a mixed institution. We have there three different kinds of patients—the mental, the general, and the tubercular. The work naturally decreases in every city in Canada, as I have pointed out before, and in Montreal, as in other cities, the work decreases. We are, therefore, bound to contract, to reduce our help. It was thought that as the director of administration in Montreal had not sufficient work to keep him busy all the time, but as his presence was required there a certain part of the time, we could dispense with the superintendent of Ste. Anne's hospital and have the director of administration combine both offices. That is the experiment, as it were, that we have been attempting to make. Captain Boyd, a man with a brilliant war service, who is director of administration, has been placed in charge of the hospital, with definite instructions that anything involving a medical question should be referred to the unit medical director. As there are in the hospitals three different treatment sections—the mental, the general and the tubercular—no medical man could be expected to be a specialist in the three, could he? No; he might be a specialist in one of the three.

Mr. MacLAREN: Would he not have a very general knowledge of all disease?

Mr. BELAND: He would.

Mr. MacLAREN: Would he not have a good deal more general and special knowledge than a layman?

Mr. BELAND: Undoubtedly. I agree with my hon. friend in that regard, but he could not be a specialist in the three lines.

Mr. ROSS (Kingston): I did not criticise that phase of the matter, although I have my own opinion. Where is the unit director?

Mr. BELAND: In Montreal.

Mr. ROSS (Kingston): And Ste. Anne is 18 or 20 miles out from Montreal?

Mr. BELAND: Yes, about half an hour.

Mr. ROSS (Kingston): Does the minister consider that a pretty safe supervision, with that man twenty miles away? I admit that there is street railway service.

Mr. BELAND: I have examined this case pretty carefully.

Mr. ROSS (Kingston): Is the unit medical director any more efficient than the superintendent of the hospital.

Mr. BELAND: I am coming to that in a moment. This was a particular case and it was not a policy that I was inaugurating throughout the whole of Canada. It was a case that lent itself more than any other institution would do to this experiment. Captain Boyd lived in Ste. Anne; he could attend in the morning at the hospital, have a conference with the three or four medical men there, and in the afternoon he could discharge his duties in the unit office. That has been going on for the last three months with a good deal of satisfaction. He has reduced the staff expenditure, I understand, by $35,000 or $40,000 a year, and I am informed and, after having visited the hospital, I have been able to satisfy myself also, that the efficiency of the work has not at all suffered. There is an atmosphere of contentment in the hospital.

Mr. ROSS (Kingston): Was the same proposal not considered as regards the Mowat sanatorium?

Mr. BELAND: No. In connection with the Mowat sanatorium, the hon. member for Kingston, in his able criticism of our work, has asked us to consider the matter very carefully before we decide to close that institution. He pointed out that we had only two T.B. institutions under the department. That is true as regards institutions entirely operated by the department; but may I point out that we have patients in other institutions throughout Canada? For instance if we take only the largest, we have at Hamilton at a sanatorium called Mountain, 75 T.B. patients, that is, on the strength. We have at London, Ontario, in Byron Sanatorium, 144 ex-soldier

patients suffering from tuberculosis. We have other institutions with a smaller number of tubercular patients. It is true, as my hon. friend has stated, that we have only two T.B. institutions operated by the department, one at Calgary and one at Kingston. The intention was to release Mowat sanatorium, because the number of our patients there declines year by year, month by month. We have come down now to 91 patients and we thought that the expenditure of the department could be reduced if we closed the institution or surrendered it to its owners. I may mention that I had a conference yesterday with the President of the Health Association at Kingston, a gentleman with whom the hon. member for Kingston is well acquainted. He was in Ottawa, and I had a conference with the deputy minister, the director of medical services and himself. I think we shall be able to arrive at a satisfactory arrangement in this connection, an arrangement to which, I think, my hon. friend will be in a position to give his support. The details are not yet entirely worked out, but I presume everybody in Kingston will be satisfied, my hon. friend the first. It will be possible for the institution to remain going and, I think, to be improved in this regard; more civilians will be treated there and the department will not overlook the good services it could render in this connection.

Mr. ROSS (Kingston): May I ask the name of the gentleman with whom the minister had the conference, or is it confidential?

Mr. BELAND: Dr. Connell was the gentleman with whom we had a conference yesterday.

Mr. BEAUBIEN: Did I understand the minister to say that he had no jurisdiction over the pension board?

Mr. BELAND: Yes.

Mr. BEAUBIEN: Is there any way of amending the act so that the minister would have some jurisdiction? In regard to the case in Winnipeg that the hon. member for Fort William and Rainy River (Mr. Manion) mentioned, I have been to the minister and he tells me that he is without power. This woman has her pension cut off and she is charged with immoral conduct. So far as my information goes, that is absolutely wrong, the woman's character is above reproach. If the act is such that the minister has no jurisdiction and the pension board wants to be an autocratic body, there is no reason why this parliament should not amend the act so that cases of this kind may be reconsidered. In this case they do not want to reinstate the pension although the woman's character has been defamed. There is no reason why the minister should not bring down the necessary amendments to meet this situation.

Mr. BELAND: There is no doubt that any act at all is subject to change; parliament is all powerful and can pass or amend acts as it pleases. Parliament, no doubt, might decree that I should be the sole dispenser of pensions. But if parliament did that I would resign immediately, for I do not want to be Minister of Pensions. I have no jurisdiction in this particular, and frankly I think it is better that it should be so. I do not think that a minister of the Crown should have the sole power of determining whether any pension should be granted, because too many considerations of a personal and political nature might be introduced to interfere with the discharge of his responsibilities.

Mr. BEAUBIEN: Not even after the charge had been proved unfounded?

Mr. BELAND: I am coming to that. The case my hon. friend refers to is one that has been touched upon also by the hon. member for Fort William and Rainy River, and I am familiar with it. I am of the opinion that this pension should be reinstated and I have expressed that view to the Board of Pension Commissioners. They had information to the effect that the woman was living immorally and under the act they had power to suspend the pension. And this they did. Afterwards, a close investigation having been made by officials of the department and employees in Winnipeg, it was reported that the allegations appeared to be groundless, and it seems to me therefore that the pension should have been reinstated immediately. That it will be reinstated I have no doubt, although I have not received any information to the effect either that it has been refused or that it has been reinstated.

Mr. MANION: Will the minister look that matter up to-night?

Mr. BELAND: I will.

Sir HENRY DRAYTON: It has been a great pleasure to listen to the ingenious way in which the minister makes his explanations; I want to congratulate him on the way he does it.

Mr. BELAND: Thank you.

Sir HENRY DRAYTON: I regret, however, that there are not present more of his colleagues, who I am sure would benefit

largely by paying close attention to the excellent performance of the Minister of Soldiers' Civil Re-establishment; the hon. member would give a whole lot of them very useful instruction. It seems to me though that in some instances the minister might be more specific. We have heard of a case to-day which seems to be perfectly extraordinary; and while I would not want to trouble the minister with a request for specific details, it seems to me that if the rule as stated by the hon. member for Kingston (Mr. Ross) is applicable in the case of this gardener who had two operations performed upon him as a result of which he has lost his limbs, then a very serious hardship indeed exists. Simply because the loss by this man of the use of his limbs was not the result of war service, there is no reason why he should be entirely without recourse when he has been injured in this way through the carelessness or the malpractice of the department's doctors. If this rule is really the rule, it strikes me as being stupid, contrary to common sense and, what is more, inhuman. A man's usefulness in life is taken from him as a result of negligence, or worse, on the part of the doctors of the department, and I cannot see why in such circumstances he ought not to be looked after. Why, it is a most extraordinary situation, and my hon. friend has not dealt with it. Just consider the case for a moment. Here is a man who has served overseas and come back. He is suffering from some disability; he is working as a gardener in order to support himself and his family. In obedience to the rules of the department he is bound to report for inspection and for whatever other purpose the department may have in view. He is in receipt of a small pension by means of which, together with the proceeds of his work as a gardener, he is able to keep his family and support himself; and upon orders from the department he goes to the hospital. For what purpose? What is the underlying purpose? The real object is to cure him if possible so that he may no longer be a liability to the department. My hon. friend will correct me if I am wrong. That works a twofold benefit: if the man recovers he is of greater use to himself and the department is better off in consequence. Well, this man leaves his garden and puts himself in the hands of the departmental doctors; he has two operations and is discharged helpless. And then he is told that he has no possible remedy. I can hardly believe this to be true; indeed, I do not believe it is; it seems to me it could not possibly be so. The very least that can be done for the man is to treat him with as much generosity as the present law will allow. See what the situation would be if this man had suffered similarly at the hands of private practitioners. He would be entitled to such damages as would take care of him for life; he would receive such an annuity as would enable him to live as nearly as possible in the condition he enjoyed before he was rendered useless as a result of malpractice on the part of the department's medical officers. I would ask the minister to look into the case carefully and to assure the committee that what has been cited to us as the rule of the department is not really true; so that when soldiers go to hospitals for treatment they will know that they are safe. If, on the instructions of the department, a man goes to a hospital to undergo an operation and the operation turns out a failure, surely that man should not be deprived of some compensation simply because the injury he sustains is not the result of war service, seeing that he has suffered in consequence of official malpractice. I hope the minister will reassure the committee on this point.

Mr. BELAND: As a matter of principle my hon. friend is right; if the department through its medical officers is responsible for any injury it should assume that responsibility. In this case however, if I am well informed, the man suffered from varicose veins and was brought to Ste. Anne de Bellevue hospital. There he was treated by Dr. Gurd of Montreal who, while I am not personally acquainted with him, is well known by repute, being an outstanding surgeon. He decided to operate on the man, but only after the man had given his full consent.

Sir HENRY DRAYTON: What would he know about it?

Mr. BELAND: Perhaps he did not know very much; I agree with that. Whether the case has developed to such a pitiable extent or not, I am not aware. My hon. friend from Kingston says that the man is now unable to attend to the work which he was performing before. All I can say is that I shall make a note of the case and look into it with every sympathy.

Sir HENRY DRAYTON: Will my hon. frined also do a little more; will he find out whether there is a rule which says there is to be no liability on the department in such a case? It does seem to me that that is something which ought to be dropped.

Mr. BELAND: I will.

Sir HENRY DRAYTON: In other words, why should the returned soldier in going to a doctor be put in a worse position in respect to medical treatment—which certainly the country owes him—than the ordinary individual? We are not doing this as a matter of charity; we are doing it as the recognition of an absolute right that the soldier has. I hope the minister will see that that rule disappears. It is a bad rule, it is a rule which is very one-sided and very unfair, working against the man who cannot help himself. There is another thing I think the minister would be well advised to do—to assure the House that such a case will not happen again. He tells that the case of Liddell has now been satisfactorily arranged. The minister sees how much pain and suffering has been caused in that case. I hope he will give us to understand something which at any rate I thought we would have all understood, that a man who was good enough and sane enough to be taken as a Canadian soldier, can never be deported. I think the minister will agree with me at once that in such a case it is an absolute negation of everything which we can look upon as right to say that the man who was good enough to fight for Canada ought under any circumstances to be deported.

Mr. BELAND: That is the view I have taken.

Sir HENRY DRAYTON: I am quite sure the minister would. One other matter: Is the minister quite right when he says that there is no appeal from the pension board? I thought there was a right of appeal.

Mr. BELAND: There is a court of appeal.

Sir HENRY DRAYTON: Certainly there is this court of appeal. If the appeal court gives out a judgment in favour of the appellant, it is the duty of the board, as I understand it, to give effect to that judgment.

Mr. BELAND: To carry it out.

Sir HENRY DRAYTON: And the right to appeal still exists?

Mr. BELAND: It does.

Mr. ROSS (Kingston): Mr. Chairman, may I be permitted to refer again to one or two cases, because you will understand that if they go over now they remain over for a year? The minister has in mind the Cornish case to which I referred. The doctor at Sydenham refused to operate, and the man was taken down to St. Anne's, where he was without any person with whom he could consult when the operation was performed. I made it a point to visit the man and the facts are as I stated. The department sent a nurse to the man, but whatever good she could do by her report I do not know. I do not mean to say that the inspection by a nurse—

Mr. LOVETT: Could my hon. friend tell me whether the toes were taken off both feet?

Mr. ROSS (Kingston): I am replying now to a medical man. This soldier was taken to hospital for examination. He was operated on for varicose veins, and his condition was very much improved. When he was at Kingston the doctor refused to operate on his feet. Later the man was removed to St. Anne's away from his people, and the doctors there thought they could improve the overlapping condition of both great toes by straightening them, but the operation was a failure; his toes are now rigid and he tumbles over when he attempts to walk. In fact he cannot even get out of his house. In the meantime the board got behind the technicality in the regulations which I think should be removed, and in this I think the minister will agree with me. The other point I desire to refer to is with regard to reports on file. The Liddell case was affected by such reports. But there are two other cases where the same thing occurred. One is the Duckett case. Let me repeat the circumstances. Duckett was a Scotchman and in 1913 and 1914 was working at a bakery. Then came a demand for help in the Glasgow naval yards. He went there and worked two years. Then came a demand for firemen on the convoys carrying Canadian soldiers overseas. He believed he could do better service by taking this more dangerous work. He worked as a fireman for two years, until a German torpedo blew up his boat. Then he decided he would quit firing and on his last trip to Canada he enlisted at Belleville. After a few weeks of training he had a slight hemorrhage, and upon examination was reported to be one hundred per cent unfit. How in the world he ever passed the doctors in the first place I do not know. He was given a pension. At the end of four years the board decided that they had made a mistake and withdrew his pension. There is the greatest amount of detail given in the file on that man's case—twice drunk in Mowat, disorderly and incorrigible, then taken out to the West, discontented, and so on. I admit the board has done a lot for Duckett in a way, but he has been treated most unfairly in other respects. For instance, take his discontent while in the West. He was there for seventeen months getting treatment

for tuberculosis. His wife at Sydenham appealed to him to come home and take his treatment at Mowat. He made application and was refused. I have referred to the psychic effect on these patients while undergoing treatment. The appeal of his wife to come home, and the refusal of the authorities to allow him to go got on his nerves. He took his discharge and went home. Then it is entered in his file that he was very discontented! He was out there seventeen months, but there is nothing else against him. Yet the minister in his letter to me referred to the fact that there was this charge against the man of being discontented. What man would not be discontented who was refused permission to return home? We are told he was drunk once at Mowat. But why should these things be brought up when you want to treat such a man fairly? Away back in 1912 he had a gland removed from the side of his neck. After that he was employed in a bake shop. I have here a certificate in reference to those two years of service showing not one sign of sickness. I have also a certificate of his health in the naval yards and his discharge from the boat after two years' service without any sign of ill health. He enlisted and two months after his service commenced he showed signs of tuberculosis. He gets a pension for four years, but it is cut off after he has started to build up a home. This is where I say there is an indication of a lack of soul, a lack of sympathy on the part of the department concerned. Then, there is a case similar to that mentioned by the hon. member for West Calgary (Mr. Shaw). In this case the man was mentally deficient. However, he enlisted and made a good soldier. He went over to England, where he was sick. Then there is some discussion as to his sickness; and he returns with a disability by which he is unable to take hold of anything with his right hand. On account of this mental deficiency at the beginning, he is said to be not entitled to anything at all. These are the cases which seem to indicate that there is a lack of co-ordination, a lack of sympathy, and it is not only on the part of the pension board; it is found also in the Department of Soldier's Civil Re-establishment.

Mr. MANION: The minister pointed out, quite truthfully, that there has been a decrease in the expenses this year of well over $3,000,000. Thse are the main figures by which the expenditures have been decreased: care of patients, $900,000; treatment of patients, $1,000,000; hospitals, $525,000; training, $100,000; loans, $15,000; unemployment relief, $300,000; working capital, $150,000; liability compensation, $45,000; Federal Appeal Board, $207,000—the work of which, I suppose, is very nearly finished; publicity, $15,000; a total of $3,257,000, or well over 90 per cent of the total decrease. These figures indicate that the decreases are practically entirely because less money is being spent directly on the soldiers themselves. The administration decrease is only $275,000, approximately, or about 7 per cent of the decrease of $3,714,000 for the year in the estimates. I simply point this out to emphasize still more the necessity of the thorough investigation which the minister promised into the administration expenses of the department.

Mr. MacLAREN: With regard to the substitution of laymen for professional men in hospitals, I understood the minister to say that at Ste. Anne's the change was largely an experiment. Does the minister purpose repeating the experiment, or does he intend to continue the policy of having medical men in charge of these hospitals?

Mr. BELAND: It is the intended policy of the department to leave medical men at the head of hospitals.

Item agreed to.

Vocational expenses, $20,000.

Mr. MANION: Will the minister explain what that item is for?

Mr. BELAND: This item is to provide vocational training for the men who still come under the provisions of the regulations. Candidates for vocational training could not avail themselves of the act after the first of February, 1920; only those who had been under treatment and were discharged from hospital could receive vocational training subsequent to that date. The number of vocationally trained men has constantly decreased, the peak being in 1919, when the total was 23,000. On the 31st of December, 1923, we had only 101 in actual training.

Mr. MANION: So that by the end of this year this branch of the work will be practically closed out, with the possible exception of an odd case?

Mr. BELAND: It will at all events be very substantially decreased.

Mr. ROSS (Kingston): Is vocational training carried on in connection with the hospitals?

Mr. BELAND: Yes.

Mr. MacLAREN: Where is the vocational training carried on—in many centres, or only where there are hospitals?

Mr. BELAND: In many centres, mainly in industries.

Mr MANION: I suppose the minister means that these men have taken positions, say in paper plants or something of that sort, and that the government is paying part of their salary while they are getting that training?

Mr. BELAND: Yes.

Mr. MANION: Have we any institutions at present which are doing that work?

Mr. BELAND: Not of our own.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Salaries—	
General administrative..	$1,425,000
Training, employment and insurance.. ..	128,000
Hospitals and clinics..	2,000,000

Mr. MANION: This is a large item and I should like the minister, if he will, to give the committee a resumé of the work being accomplished.

Mr. BELAND: In this item there is a reduction of $872,000. I do not think I can do better than give the figures as they stood on April 30, last:

	Staff	Salaries
	2,881	$3,980,794
Distributed as follows:		
Head office (including minister, deputy minister, assistant deputy minister, and service units..	19	34,560
Administration branch..	988	1,248,942
Accounts and audit branch.. ..	303	395,972
Treatment branch..	1,529	2,301,320

I might give the information for each unit of the department as of April 30, 1924:

	Staff	Salaries
Head office..	665	$801,134
"A" Unit, Quebec, headquarters at Montreal..	337	459,991
"B" Unit, Maritime provinces, headquarters at Halifax..	207	292,456
"C" Unit, eastern Ontario, headquarters at Ottawa..	139	199,499
"D" Unit, central Ontario, headquarters at Toronto..	606	892,044
"F" Unit, western Ontario, headquarters at London..	294	367,427
"G" Unit, Manitoba and part of western Ontario, headquarters at Winnipeg..	122	204,817
"H" Unit, headquarters at Regina..	57	82,636
"I" Unit, Alberta, headquarters at Calgary..	208	312,411
"J" Unit, British Columbia, headquarters at Vancouver..	232	344,299
"M" Unit, headquarters at London, England..	14	24,080

These are the details of the number of employees by branches and by units.

Mr. MANION: Will the minister give the number of employees for the same units one year ago. I should like to see the reductions made in the different units.

Mr. BELAND: I have the figures for the first July, 1923. I suppose that will be satisfactory.

Mr. MANION: As long as they are about a year apart, so that we can make a comparison.

Mr. BELAND: These are the figures for the 1st July, 1923:

Head office, Ottawa, 733 employees, with salaries of $876,608.

Unhappily I have not just opposite these figures the figures for the 30th April, 1924. They will be found in Hansard and they can be compared. I will give the round figures:

Unit	Staff	Salaries
Quebec unit, headquarters, Montreal..	428	$606,000
Maritime provinces..	308	395,000
Eastern Ontario..	156	218,000

Mr. MANION: Is that Kingston headquarters?

Mr. BELAND: No. The headquarters are in Ottawa. It comprises Kingston, though.

	Staff	Salaries
Central Ontario, headquarters, Toronto..	896	$1,666,256

There is a big reduction in this.

	Staff	Salaries
Western Ontario, headquarters, London..	326	$412,000
Manitoba..	131	208,000
Saskatchewan..	56	75,000

A very small reduction there.

	Staff	Salaries
Alberta..	211	$305,000
British Columbia	263	368,000
London, England..	16	25,000

I have also the figures for the 1st July, 1922, and then for the 31st March, 1920.

Mr. SHAW: Could the minister classify the employees in the Calgary unit so that

we might see the classes in which the 208 employees might be graded?

Mr. BELAND: In Calgary, the administrative and clerical staff consists of one administrative officer, four head clerks, two principal clerks, 20 senior clerks, 28 clerk-stenographers, 13 junior clerks, and two messengers. The professional and technical staff consists of 18 physicians, one dentist, four pension examiners, 22 nurses; dispensers, laboratory assistants and X-ray operators, four; masseurs, two; dietitians and ward-aides, five. The service staff consists of eleven power-plant engineers and firemen—we have two institutions in Calgary, a hospital and a sanatorium—janitors and watchmen, two; chauffeurs and mechanics, two; telephone operator, one; gardeners, teamsters and labourers, one; housekeepers, kitchen and dining-room help, 35; carpenters, painters and utility men, 4; caretakers and cleaners, two; hospital orderlies, 19; limb factory operatives, 8. That was on January 31 of this year, the total being 211.

Mr. HANSON: Would the minister be good enough to give me some information with respect to the administration of the partial unit in the city of St. John? I have a couple of questions on the order paper. I want to know how many persons other than medical men are employed in or about the St. John unit, their names, rank, pay and allowances. I should like to have the same information regarding the medical men. I have had some letters recently criticising the size of the staff in St. John, where I understand there are no fewer than 7 physicians, 3 of whom are full time men. As a matter of fact, one of them unfortunately, the chief of the hospital, has died within the last few hours, and I may say that he was a very good man. There are physicians in and about Lancaster hospital drawing as high as $3,000 and I want some information regarding them. I understand that the total pay-roll for physicians alone in that one small institution is $21,600 per annum, which seems very large.

Mr. BELAND: What was formerly the New Brunswick unit has been consolidated with the Halifax institution so that it is now only a sub-unit. The list of medical men employed in the St. John sub-unit comprises: Dr. Skinner, chief medical representative and consultant, who is engaged on full time at a salary of $4,000; the late Dr. McCarthy, medical superintendent of Lancaster hospital; Dr. Pratt, pension examiner; Dr. Kirkland, medical officer; Dr. Malcolm, medical officer; Dr. Nase, medical officer; Dr. Bridges, medical officer; Dr. White, medical officer Of these 7 medical men three are on full time and four part time and the salaries paid them amount to $18,640. One officer on part time receives $600 per year, namely, Dr. Kirkland.

Mr. HANSON: He is an X-ray operator.

Mr. BELAND: Yes; he receives an indemnity of $600 per annum. Dr. Malcolm gets $2,400 a year and Dr. Nase $2,400. Dr. Bridges receives $3,000 but he is on full time; and Dr. White, on part time, receives $2,400. These salaries may appear large but I can assure my hon. friend they are well earned.

Mr. HANSON: I understood that Dr. Bridges was not a full time man.

Mr. BELAND: According to my list he is on full time.

Mr. HANSON: Then you have four full time men including the pension examiner.

Mr. BELAND: Yes, including Dr. Skinner and the pension examiner.

Mr. HANSON: Do these doctors engage in private practice?

Mr. BELAND: The part time men do.

Mr. HANSON: Not the full time men?

Mr. BELAND: Well, they are supposed to be on duty from 9 a.m. to 5 p.m.

Mr. HUMPHREY: What are the names of the medical men in the department at Revelstoke and Nelson, and what salaries do they receive?

Mr. BELAND: We have no one on regular salary at Revelstoke.

Mr. HUMPHREY: What salary is paid any part time official there?

Mr. BELAND: There is no part time man there either. We have medical officers who act for the department and who are paid according to a schedule of fees. Some of the medical representatives get $25 a year for five examinations, and some receive more. It depends entirely on the number of examinations which they are requested to make for the department. In many of the smaller towns we have one man to whom we can direct ex-soldiers who apply for treatment. For example, instead of bringing a man to headquarters at Vancouver, a medical man at the point where the subject is to be examined is requested to make the examination. The medical officer who makes examinations

of this kind is not paid a regular salary, either on part time or on full time; he is paid so much for each examination according to the schedule.

Mr. HUMPHREY: Is there not a medical man who is paid a monthly salary at Nelson?

Mr. BELAND: I do not see any such official on my list. Outside of Vancouver there are two medical officers in Victoria and one in Kamloops.

Mr. HANSON: The minister cannot give us the cost of administration in the case of the sub-unit of St. John including Lancaster but perhaps he will tell us what the average cost per patient per year is, including all services.

Mr. BELAND: The cost per patient per day at Lancaster is $3.26 and in that institution there have been 10,752 patient days.

Mr. MANION: I notice that the reductions in staff vary. For instance, in Ottawa it amounts to 10 per cent while in other places it is as high as 35 per cent. In the West, in Winnipeg, Calgary, Regina and Vancouver, but notably in the first three places mentioned, there are practically no reductions in staff. No doubt there are reasons for this disparity in the percentages of reduction and the minister might be good enough to explain the matter. He might also give us some figures in regard to the amount of work done by these different staffs. Is there any way of showing the amount of work done by the various staffs, not the Ottawa staff particularly, it being the headquarters for the whole Dominion, but say the London, Montreal, Winnipeg and Regina staffs? If there is such a method I should like the minister to give it to the committee?

Mr. BELAND: The reason for the varying reductions of staff is difficult to give, unless it be that some hospitals have been closed. I cannot see any other reason why the proportion should not have been respected in every unit.

Mr. MANION: Far from being respected I notice it varies very much. For instance, in Toronto there is a reduction from 896 to 606—practically 35 per cent; in Winnipeg there has been an increase of one; in Regina a similar increase; in Calgary a decrease of three—practically no reduction at all; then in London there has been a decrease of about 10 per cent; in Montreal a decrease of nearly 25 per cent. So apparently there is no similarity of treatment whatever. It appeals to me, as apparently it does to the minister also, that there should be some uniform reduction. Apparently some commanding officers had a stronger power to hold their staffs than had others.

Mr. BELAND: Some administrative heads might have been a little slower than others. I do not know, but I presume that may have happened.

Mr. MANION: Possibly.

Mr. BELAND: I may point out, in connection with Toronto, that Brant House and Euclid Hall have been closed within the past year.

Mr. MANION: Is there any method of answering the other question in regard to the amount of work done by the units? I appreciate that it may be difficult to answer.

Mr. BELAND: I am willing to give all information possible.

Mr. MANION: I quite understand that it may be a little difficult to furnish.

Mr. BELAND: In the case of Montreal, the substantial reduction is probably accounted for by the closing of Ste-Agathe sanatorium. I do not see any reason why the reduction of the various units should not have been proportionate. It may be that in a particular unit such as Toronto, for instance, these was a rush of returned men from the start, and therefore the reduction appears to be more imperative at the moment than at any other time. I do not see any other reason unless, as has been suggested, some of the heads are "slow on the job". Their instructions are to contract their staffs as much as possible.

Mr. ROSS (Kingston): Mr. Chairman, it already has been suggested that perhaps some of the money which is going into administration had better go for the benefit of the ex-service sick or disabled. We have had a number of cases cited this afternoon of ex-service men whose treatment by the department was lacking somewhat in sympathy. It cannot be that the administration is overworked, because if we subdivide the headquarters staff here we shall at once perceive that nothing is more nicely classified and subdivided—unless it be the United States tariff. With the reduction in the number of patients throughout the whole country and the closing of certain hospitals one would expect some appreciable reduction in the headquarters staff. I think the minister's figures show that there has been a reduction of about 60 or 70 in this large staff. If the committee will bear with me I will go into the subdivision of the

headquarters staff as given in the Auditor General's report. Of course the last one we have is for 1923. I think after hon. members have listened to this subdivision they will come to the conclusion that the headquarters staff might very well stand some further reduction, the money thus saved being devoted to the benefit of sick veterans. The subdivisions to which I would direct the attention of the committee are as follows: There is an Accounts branch with 72 employees; an Administration branch with 8 employees; an Audit branch with 12 employees; a Central Registry branch with 138 employees; a Dental branch with 7 employees; an Engineering branch with 45 employees, amongst them a general superintendent, an assistant superintendent, a chief electrician, a matron—whatever she does—two utility messengers and draughtsmen; a Loans branch—a new branch —with 7 employees; a Pay branch, pensions, with 33 employees; a Pay and Personal branch with 54 employees; a Pay imperial branch with 121 employees—there are apparently three subdivision pay branches; a Personal branch with 9 employees; a Purchasing branch with 14 employees; a Records branch—in addition to the central registry—with 81 employees; a Statistical branch, with 19 employees; a Stenographic branch with 57 employees; a Stores branch with 68 employees; a general division with 10 employees; a Training and Inspection branch with 17 employees; a Treatment branch with 60 employees—an increase of 7 over the year before; an Orthopaedic branch with 4 employees; a Dietetic branch with 3 employees; an insurance branch with 48 employees; a Messengers branch with 16 employees. There you have at least three pay branches. I am sure the committee would like the minister to explain the difference in the work of these various branches. Then again I would draw attention to another overlapping which appears to me in this Unit branch. If a man in the Ottawa branch takes sick he reports to the Unit branch, whereupon two doctors examine him. Then he goes up to the Pensions branch, whose doctors re-examine him. In addition to the nine medical officers of the Pensions branch here, we have two other doctors doing Unit branch work right in this city. This looks to me to be a clear case of overlapping. As we have found out to-day, most of the doctors in the Unit branches are senior to the doctors at headquarters, yet their reports in many cases are overridden by their juniors, and this is the cause of a great deal of trouble in the treatment which the men receive. It is only in the subdivision of the Administrative branch that one can see a great number of employees, and it would be very interesting if the minister would explain this apparent overlapping and overmanning, especially in the case of the three Pay branches. This is another matter I think the minister might very well consider with a view to preventing overlapping. In such cases as have been mentioned here this afternoon the money might very well go to the men rather than to administration.

Mr. BELAND: I do not share my hon. friend's view that the service is not being reduced at headquarters. In ten months there has been a reduction of 78 employees; that must surely be considered as substantial. We reduce our medical staff very slowly, because though the number of patients in hospital decreases, the number of applications for treatment and for pensions does not decrease very much. Unless the department is to close its doors and permit no claims of any kind to be made, where a returned man finds that he is suffering from trouble, some disease, some pain, and contends that it is due to his service, there is no course left to the department but to have the man thoroughly examined, his file drawn, his documents verified and all the facts considered in order that justice may be done. That procedure has to be followed even though no pension is awarded or no treatment given, and even at that, as my hon. friend knows, we do not succeed in satisfying everbody. So I say we have substantially reduced the staff, although nothing would be more agreeable to me than to be in a position to say that we had reduced not by 2,000 but by 4,000. As the years go on the reductions in the staff will be slower. I have been convinced that while in some sections or branches the number of employees may be a little too large, generally speaking the departmen is not overstaffed. I had that impression three years ago but I dared not raise my voice because I was not then fully conversant with the situation. At that time I was struck by a figure of, if I mistake not, about 8,000 employees in the department, while to-day we have 2,800. It was apparent to me that there were too many employees, for at that time we had only about 5,000 patients, and to-day we have 2,600—not a great difference. The reduction has been going on steadily at an average of from 18 to 22 a week. If you have a heart, and I know you have, you cannot go any faster without creating serious hardship among the men that you retire. Let us be content with the reduction of about 20 a week; that will bring the staff down to a very small figure within a year or two. A number of large branches in the department have been

done away with and the heads of them retired, so that to-day, practically speaking, we have only two branches in the department, the administration and the medical departments.

Mr. ROSS (Kingston): Suppose an ex-service man at Carleton Place is sick and wants to get treatment; will the minister outline the routine in order to show the committee how many hands that man passes through before final action is taken?

Mr. BELAND: My hon. friend is an able medical man; he knows that the first physician this ex-soldier meets may be a general practitioner. If a chest condition is detected, for instance, the man will have to be turned over to the chest specialist, or the doctor in the unit, for further examination. No decision can be given at this stage without an X-ray examination, and the case would be turned over to the X-ray specialist for that purpose.

Mr. ROSS (Kingston): He must go to the unit man first, then he is referred on.

Mr. BELAND: He is still in the unit: he will have to be X-rayed and his plates carefully read. If he shows signs of mental deficiency, the specialist in mental diseases will have to be called in. This information will all be part of his file, and then headquarters will decide whether or not he is entitled to treatment. It may be
9 p.m. found that he is not entitled to treatment, and all this work, which may have required I do not know how many hours from two or three men, will have been paid for by the country. That is why it is difficult to reduce as much as some people would think.

Mr. ROSS (Kingston): I may be wrong, but I think the routine is a little more elaborate than that. The man is examined; a report goes out from the unit to have a private physician at Carleton Place examine him. Then he turns up at the unit office here, and after being dealt with is referred to a specialist. You have a medical officer in charge of the unit; you have two medical officers there as examiners before the man goes out. Then he is passed in from the unit to headquarters and the matter is dealt with there; he may be examined by two or three more men, or he may be sent either to Toronto or to Montreal. My opinion is that where you have headquarters and the units so close together, you could save a good deal of that trouble by combining these medical offices.

[Mr. Béland.]

Mr. BELAND: That is a suggestion that I think is worth considering.

Mr. SHAW: What is the cost per patient per day in the Calgary unit, and is the rental of the building included in that cost?

Mr. BELAND: At the Belcher hospital in Calgary the cost per patient per day for the six months from April 1, to September 30, 1923, was $3.46. Those are the latest figures I have for that hospital. The number of patient days for the six months was 24,031.

Mr. SHAW: Does that include rental of the building?

Mr. BELAND: Yes.

Mr. SHAW: I thought that would be charged to the Public Works department.

Mr. BELAND: We include everything in the cost, so I am informed.

Mr. CARROLL: Regarding the doctors in small places who are employed by the department at so much per case do they investigate any cases without the authority of the officials of the department? In a place like Sydney or Glace Bay, for instance?

Mr. BELAND: They have authority to make examinations when they think it is advisable to do so.

Mr. CARROLL: I think that would be proper. I do not know whether it is part of their duty or not, but I am afraid that some of these doctors, after making examinations, do not always bring the cases to the attention of the department. I think they should take steps to bring cases that should be treated to the attention of the pension officer at Halifax or of the D.S.C.R. officials at Halifax or Ottawa. Everything possible should be done to find out whether these cases are in need of hospital treatment and to assist the patients in every way in getting such treatment. They should be brought to the attention of the pension officer or the department's officials. I had under my observation a year ago three cases in the city of Sydney, which a doctor was attending, I presume, on the authority of the D.S.C.R. headquarters at Halifax. He was a good medical man, but he did nothing to bring to the attention of the D.S.C.R. or of the pensions officials that these people required treatment. I happened to be in the city at the time, and two of these men sent for me. One of them was in a very serious state with tuberculosis. I took his case up with Mr. McPhee in Halifax and in less than thirty days the man was in Kentville sanatorium, and the result is that he is now very much improved. I would think that these

doctors when they attend a case, should take steps to find out whether or not the man is suffering from a disability requiring hospital treatment, and if so, the doctor should do his best to have him brought into hospital. I am not finding fault with any particular doctor or doctors, but I am just bringing this matter to the attention of the minister because two of these cases came under my own observation, and I believe that if this man had not been given treatment in Kentville sanatorium he would have been dead by now, but as it is he is making very fine progress. I think it should be part of the doctor's duty to do everything possible to get hospital treatment for the men needing it.

Mr. BELAND: That is their duty.

Mr. LEWIS: The minister said there was a reduction in the staff of about twenty per week. Can this rate be maintained indefinitely without seriously affecting the efficiency of the service to the patients? What will the minimum requirements be in staff to give the best service to patients all over the country?

Mr. BELAND: I have already expressed the opinion, Mr. Chairman, that it will not be possible to reduce at that rate very much longer. We shall have to slow down somewhat. As to what figure should be considered the minimum for the staff to be, that is a pretty big contract to place in my hands. I would think probably five hundred in, say, three years. After that, when most of the patients are in the homes, and when the period has elapsed during which men can apply for treatment or pension, that figure will be considerably decreased, but we shall require quite a large clerical staff to pay pensions. A number of pensioners are not permanent. They receive a pension that will undoubtedly be decreased, suspended, or cancelled entirely within one or two or three years. These cases require periodical examinations. I am unable to say at the present time exactly at what day the minimum will be reached, or what that minimum will be.

Mr. MANION: I should like to have the minister give us some information about the insurance scheme for soldiers which comes under this item. How many men are insured, and what is the amount paid? I think the committee would be interested in hearing the details.

Mr. BELAND: The number of policies issued as of the 31st of December, 1923, was 33,580; the sum assured $82,812,500; the total value of death claims, $2,253,000, of which $1,652,000 has already been paid, the balance being payable in instalments. There have been lapses to the amount of $15,405,000. The balance of funds in the hands of the department, paid in as premiums, amounted on December 31st last to $1,696,656.

Mr. MacLAREN: What is the percentage of deaths among those who hold policies?

Mr. BELAND: I have not the percentage in my mind at the moment, but I know it is quite satisfactory, considering the fact that these men have been accepted for insurance without any medical examination, and in the majority of cases it is only reasonable to assume that it is the men who were sick or suffering from some disability who have sought insurance rather than the men who were well.

Mr. MacLAREN: Are there no figures to indicate the percentage?

Mr. BELAND: I could find the figures if I had a little time. I do not remember them at the present time, and I dare not make an estimate.

Mr. LEWIS: Is the reduction of over $500,000 for hospital treatment due to a reduction in the number of patients?

Mr. BELAND: That has to be taken into consideration, but it is reductions in staff mainly.

Mr. MANION: With regard to insurance, I know, of course, that these men have been accepted without medical examination, and that naturally the prospects would not be as good as those of an ordinary life insurance company. But could the minister give us an estimate as to what percentage of loss is to be expected? What percentage will the government have to put up to carry this scheme along? I know this insurance is carried at a very cheap rate.

Mr. BELAND: It is difficult to estimate what the loss will be. Undoubtedly the loss to the country will be large. I have seen an estimate of about $20,000,000.

Mr. MANION: Over what period?

Mr. BELAND: Over the whole period, because no other man can avail himself of insurance now the new law is in effect. The mortality rate under the Returned Soldiers' Insurance Act is not exceptional considering the class of risk which is taken. During the current year 299 claims were received by the department. Of these 65 were settled under section 10, and so on.

Mr. MANION: Has the minister the figures of the ordinary insurance company in proportion to that number of claims?

Mr. BELAND: I think the showing is a little worse.

Mr. MANION: You mean that the showing of the government's insurance is a little worse than that of an ordinary company?

Mr. BELAND: Yes.

Mr. MacLAREN: What do the premiums amount to in a year?

Mr. BELAND: It is insurance at cost based on actuarial calculations. I could not give the exact figures.

Mr. ROSS (Kingston): Would the minister explain what is meant by the word "training" in connection with this item?

Mr. BELAND: That has reference to the officers to whom is entrusted the training. That is a very small affair. In the case of insurance it is more considerable because they carry on quite a big scheme, as I have just outlined.

Mr. ROSS (Kingston): I did not catch the minister's explanation of the word "training."

Mr. BELAND: Vocational training.

Mr. ROSS (Kingston): But immediately above I find item 294 "Vocational expense"?

Mr. BELAND: That is to provide for the fees the department pays to the industries that train these men.

Mr. ROSS (Kingston): May I ask what the difference is between item 293 "Care of patients and medical examination of pensioners" and the item "Hospitals and clinics"? They are both large votes and the second amounts to $2,000,000.

Mr. BELAND: In the one case it has reference to the maintenance of hospitals. In the other it represents the salaries paid to the staffs of the hospitals, including the doctors and nurses.

Mr. SHAW: With regard to the staff employed at Ottawa I have before me a return brought down by the department. With respect to that organization in the department known as the purchasing and stores division, I find that in 1920 there were 221 employees engaged in purchasing to the amount of $3,001,088.51. In 1921 there were 259 employees and the amount of the purchasing was $2,062,916.31. In 1922 the number of employees was reduced to 172, and their total purchases amounted during that year to $1,229,796.29. In 1923 the number of employees had been cut down to 110, and their total purchases for that year amounted to $1,117,135.20, a diminution in personnel of 62 and in purchasing of $112,000. Then in the year 1924, according to this statement the staff was further diminished to 92 and the amount of purchases during that year totalled $836,368.50. It does not seem to me that the reductions in staff have in any sense been proportionate to the amount of the purchases actually made, and it would appear that here is a very likely source from which the minister could secure a substantial reduction in the staff. I also have the salary paid these officials and I find that during last year there has only been a decrease of something like $20,000 in salaries. I would suggest to the minister that in this purchasing and stores division there should be an opportunity to dispense with the services of a considerable number of men. If that is not possible the minister might co-ordinate the purchasing division of this department with that of some other department and perhaps eliminate practically all of the staff.

Mr. BELAND: I think there is something in the remarks made by my hon. friend. I may say that I have followed pretty closely the reduction of the staff, but in all these matters the minister has to rely mainly upon the advice of the chief officials. It may be that in this particular instance the reduction has not been proportionate to the amount of purchases made. I will look into the matter more carefully and see if there is a possibility of making a further reduction.

Mr. ROSS (Kingston): I point out the fact that there are three pay divisions at headquarters. Will the minister kindly explain what these are?

Mr. BELAND: I did not catch my hon. friend's question?

Mr. ROSS (Kingston): There is a Pay branch, pensions, 33 employees; Pay and Personal service, 54 employees; Personal division, 9 employees; and the Pay, imperial branch division, 21 employees. I have taken these figures out of the Auditor General's report, 1923.

Mr. BELAND: The Imperial Pay branch is under the Administrative branch and it is entirely supported by the Imperial government. Still we have to do the work; we have to provide the staff, and the pay of the employees but this expenditure, of course, is refunded to the department. There are only, as I said a minute ago, two main divisions—

the administrative and the medical. All these branches my hon. friend refers to will come under the Administrative branch. The Pay and Personal branch, like the Purchasing and Stores division—in fact all these divisions—had a head and stood by themselves some three or four years ago, but they have now been contracted although they bear the same names and are under the one administrative head.

Mr. ROSS (Kingston): Still there are three sub-division pay branches. The amount paid out by the Imperial branch is given here as $7,000,000 requiring 121 employees; whereas our branch paid $50,000,000 and has, I think, only 33 employees. And then there is the Pay and Personal branch for our own service.

Mr. BELAND: That is quite right.

Mr. ROSS (Kingston): And this branch will have 54 employees for a total staff of something like 2,000.

Mr. MacLAREN: Could there not be a combining of these different pay branches into one pay department?

Mr. BELAND: There is only one official in charge of it now.

Mr. ROSS (Kingston): Is there any reason why there should be 121 employees paying out $7,000,000 in British pensions and 33 employees paying out $50,000,000 in Canadian pensions?

Mr. BELAND: My hon. friend is aware that the Imperial section is not merely a paying division. It deals with provisions for examination of Imperial pensioners, of ex-pensioners in Canada requiring treatment, and I have always considered that the staff of the Imperial section as certainly not too large. I am surprised my hon. friend says that it is large, because it is one branch where I think it is pretty hard to effect a reduction. We have been very careful not to overload the Imperial government with a staff which is not needed. I assure my hon. friend that there is a great deal of work to do in the Imperial section.

Mr. ROSS (Kingston): Is there any comparison between the work done by the Imperial section and that done by the Canadian section?

Mr. BELAND: In some regards there is.

Mr. ROSS (Kingston): In the Canadian section there are 33 employees paying out $50,000,000 and handling the cases connected with that, and in the Imperial section there are 121 employees paying out only $7,000,000 and handling the cases in connection with that. It looks as if the number of employees in the Imperial section was large.

Mr. BELAND: There is quite a large number of Imperial pensioners in America. The Imperial section has to deal with Imperial pensioners in both Canada and the United States. There are in all 18,000 Imperial pensioners in America.

Mr. ROSS (Kingston): But still the $7,000,000 amount covers them all.

Mr. BELAND: Yes.

Item agreed to.

Pay and allowances—treatment..	$2,000,000
training..	100,000

Mr. BELAND: We shall not have very much difficulty as regards this item, because this is money which is paid directly to the men. It is paid to patients on the strength of the department and entitled to treatment.

Mr. MANION: Does this include pay to medical men?

Mr. BELAND: No, this is an allowance paid to a man who is being treated by the department.

Mr. MANION: The item also reads "treatment."

Mr. BELAND: Treatment allowances. That is to distinguish it from training allowances, because men under training receive allowances also.

Mr. MANION: I am afraid I shall have to ask the permission of the committee to ask one or two questions on the last item, because I understood this covered pay to medical men. Have many changes been made in the medical staffs throughout the country, and if so, on what grounds have such changes been made? Have men been changed at Toronto, Fort William, Kingston or Ottawa. one man being taken out and another man being put in, to any great extent?

Mr. BELAND: I do not think that out of the few hundred medical men on the strength of the department, more than three or four have been changed.

Mr. MANION: In the case of the three or four who have been changed, will the minister explain—not individually—on what ground the changes have been made?

Mr. BELAND: In one case the man resigned because he was dissatisfied with the department. That is the unit medical director at Montreal, who made a protest against the

department placing a layman at the head of Ste. Anne de Bellevue hospital. We discussed that question this afternoon. I think his brother resigned from Ste. Anne de Bellevue hospital and we had to replace him. We changed the unit medical director at Halifax some few years ago. I do not think besides those we have changed a single medical director in Canada.

Mr. MANION: Not a medical director, but there was a change made in the medical officer at the head of the lakes at Port Arthur.

Mr. BELAND: That may be.

Mr. MANION: I need not mention the name. The minister can easily look it up. There was an officer who had come back from the front and who had several years' service overseas. He had served as medical officer at the head of the lakes for some years. He became president of the Conservative Association, and shortly afterwards he was practically dismissed, asked for his resignation, and a Liberal put in his place who had not been overseas. I point this out because I think it is a very unfair proposition. I can see no other grounds for this being done than politics. The man who had this done to him wrote to the director, Dr. McIvor, and he replied that he was instructed to make a change. I presume the instructions came from Ottawa I asked about the other changes because I did not know whether any had been made or not. I put questions on the order paper in regard to this matter, and I have been unable to find any cause for his dismissal, because it is practically that, except politics. I point this out, because I do not think, especially in this department, dismissals of that kind should take place on such grounds. While the man who has been put in this man's place is a personal, although not a political friend of mine, a man whom I like, perhaps, at least as well as the man who was dismissed, that does not alter the injustice done to the latter who was virtually dismissed because he had been elected president of the Liberal-Conservative Association. I was not told that; but there was no other cause given, so that was the only conclusion that I could naturally draw

Mr. BELAND: I can assure my hon. friend that it was not a political consideration which prompted the change to which he refers. I do not remember the name of the gentleman.

Mr. MANION: Dr. Crozier.

Mr. BELAND: And the one who replaced him?

Mr. MANION: Dr. Brown.

[Mr. Béland.]

Mr. BELAND: It was represented to me that Dr. Brown was the representative of the department at a certain time three or four years ago; that he was replaced by Dr. Crozier; that at the present time Dr. Brown was prematurely aged and was unable to attend to his practice as in former years, and that he was a deserving man who had seen service which, although it was confined to Canada, was nevertheless of a very arduous nature. There was no complaint against Dr. Crozier; I have been able to satisfy myself that he filled his position with credit to himself and to the department. The change that was made, I can assure my hon. friend, was not influenced by any political consideration. The gentleman has been able to convince himself that the field that was open to me was quite large had I desired to carry political inclinations into all the units of the department.

Mr. MANION: Probably some of the politicians at the head of the lakes are strenuous in their attitude, and possibly the trouble was that the man having been elected president of the Liberal-Conservative Association, some of the extreme Liberals felt dissatisfied that he should continue to occupy his position. As a matter of fact he demanded the reasons for the change but none were given; they simply stated that they had been instructed to take action. The fact that, as the minister points out, no changes had been made throughout the country except in three or four cases where men resigned would I fear rather confirm this view of the matter. Personally I do not think that the minister can explain it; he has not given us a satisfactory explanation and I will not press him because I am sure he would find it difficult to give a really plausible reason for this particular change.

Mr. BELAND: Regarding pay and allowances, these are cash payments which are made according to a scale to all patients who are being treated by the department, and they are given not only for themselves but for their dependents as well. This applies in the case of treatments and also in the case of training.

Item agreed to.

Vocational loans, $20,000.

Mr. BELAND: This item does not call for much explanation. Last year we had an appropriation of $35,000 and during the year we loaned $32,709. These loans are made to men who have been vocationally trained, and no individual loan exceeds $500. The

loan is made to enable the individual to procure implements and tools for the purpose of engaging in the vocation for which he has been trained, and it is repayable to the department. It is gratifying to know that only a very small amount, if anything at all, will be beyond recovery.

Item agreed to.

Interest on war service gratuity and administration funds, $22,000.

Mr. MANION: What does this mean?

Mr. BELAND: The department is trustee for the men who are under treatment and for a certain number of pensioners whose pensions we directly administer. These persons in some cases are orphans. The total amount we carry in this way is estimated for the year at $350,000. We pay interest on the money which is paid out to each man as he leaves the hospital.

Item agreed to.

Unemployment relief, $200,000.

Mr. MacLAREN: What is the system adopted in the distribution of the money for unemployment relief?

Mr. BELAND: Unemployment relief is administered only to disabled soldiers who are pensioners but whose pension is not adequate for their needs. These men are only partially pensioned and are unemployed, and destitute. Our staff in each unit attends to this part of the work; it investigates each individual case, finds out what is needed, whether the man is deserving, and what kind of relief he requires in the way of food, rent, clothing and so forth. A report is submitted upon which the relief is issued, and there is a maximum which may not be exceeded. We never pay anything in cash. Last year the amount voted was $500,000, and we spent $287,543 in relief. I have all the details, but probably it will be sufficient for me to state that we have relieved 4,558 persons comprising heads of families and a few single men, and the number of dependents supported by these men during the year was 10,628, consisting of course of wives and children.

Mr. MANION: I understood the minister to say that this money was paid to men who were disabled but who were not receiving a sufficient pension to carry on. It has no direct connection with their disability, or they would no doubt receive a pension commensurate therewith. I take it that the relief is given to men who are partially disabled and who are out of work.

Mr. BELAND: Yes, or who may have some other disability not due to war service.

Mr. MANION: There is no money used now for ordinary unemployment as was the case a couple of years ago?

Mr. BELAND: No.

Item agreed to.

Operating expenses and working capital, $450,000.

Mr. BELAND: A very large part of this item is used in financing treatment and medical examination of Imperial and former soldiers and also the operations at Imperial pension offices. For the 9 months expired December 31, 1923, we had advanced in this connection to the Imperial government the sum of $266,000. This money is of course refunded and all these accounts are adjusted in the course of time. The balance is used for operating expenses covering such items as telephones, telegrams, postage, car fares, transportation, travelling of staff, stationery, office supplies, storage, light, heat and power, water rates, maintenance, repairs to furniture and equipment, freight and express. The Royal Commission on Pensions and Re-establishment comes under this item, as well as all other general expenses. This item I think is also being reduced considerably, although the outlay on account of the Imperial Ministry of Pensions is getting larger in this connection. I pointed out a few minutes ago that we have eighteen thousand Imperial pensioners under our care at the present time, twelve thousand in Canada and six thousand in the United States. The Imperial Ministry of Pensions have requested us to attend to the examination of these men for treatment, pensions and so on. We act as the agents of the Imperial Ministry of Pensions and are reimbursed any money we advance on their account.

Item agreed to.

Employers' liability compensation, $30,000.

Mr. BELAND: Employees generally are very reluctant to engage disabled soldiers and in some instances it was reported to us by the returned men themselves that on account of the danger of accidents due to their disability they had been refused employment. It was therefore decided some years ago that the government should come to the rescue of these disabled men by providing for the reimbursement of any compensation which employers might have to pay as a result of accident to men with 20 per cent disablement or over. We have spent very little money in this connection—only $18,000 last year, although we appropriated $75,000. This year we are asking for $30,000.

Mr. MANION: In view of the fact that only $18,000 was spent last year why is $30,000 asked for this year?

Mr. BELAND: Generally speaking, the provinces are slow in sending in their bills. I do not believe it would be wise to go any lower than $30,000.

Mr. MANION: Is this money paid partly to the compensation boards in the various provinces and partly to disabled men for extra compensation?

Mr. BELAND: It is paid to the employers themselves.

Mr. MANION: To help them pay their compensation fees?

Mr. BELAND: To pay the compensation for accidents happening to disabled men suffering 20 per cent disability and over.

Item agreed to.

Sheltered employment, burial of destitute, transportation of the blind, $390,000.

Mr. SPENCER: Will the minister give the reason for the increase in this item?

Mr. BELAND: The number of men that we employ in our vetcraft shops has been increasing somewhat. In many of our cities we have an agreement with the Red Cross Society, with the exception of those in Ontario. We have such an agreement in Victoria, Vancouver, Winnipeg, Montreal, Halifax and St. John. In London, Toronto and Kingston we operate the vetcraft shops ourselves, it not having been possible so far to make the same agreement with the Red Cross Society in Ontario. On December 31, 1923, we had 334 men in the vetcraft shops; on May 24, 1924, a few days ago, we had 354 men. Of course, applications are always coming in. The men are admitted after having been carefully examined. They are all very highly disabled men, most of them being absolutely precluded from attempting to secure employment anywhere else. Of course, we operate these shops at a heavy loss, but we keep those men occupied and they earn something. It would cost the country a good deal more if we had to support 354 families. The agreement which we have entered into with the Red Cross Society is rather generous towards the society. I need not read it to the committee.

Mr. SPENCER: I see this vote calls for the burial of the destitute. Do many come under this heading?

Mr. BELAND: I am informed that such burials are carried out by the Last Post men, and we contribute $10,000 to the fund. These burials are not very numerous; they cannot be.

Mr. STEVENS: Does the minister contribute out of this fund to Red Cross workshops such as the one operated in Vancouver?

Mr. BELAND: Yes.

Mr. STEVENS: I have visited the shop in Vancouver on several occasions, and it is certainly a very excellent institution. I think every assistance that can possibly be given to a work of this kind should be rendered by the government. What portion of the cost is contributed by the government?

Mr. BELAND: The government contributes 85 per cent of all capital expenditure, the provincial division contributing 15 per cent. The equity in the equipment and buildings remains in the two bodies in the proportion of their contributions. If there should be a deficit the department will contribute 75 per cent up to a maximum contribution of $30 per month per man. That is the essence of the agreement we have with the Red Cross Society.

Mr. STEVENS: Is that a standard rate all over Canada?

Mr. BELAND: Yes.

Mr. STEWART (Humboldt): Will the minister explain the last sentence, transportation of the blind?

Mr. BELAND: I think two years ago the recommendation of the parliamentary committee to which matters relating to our returned men were referred was to the effect that the government should provide an escort for blind soldiers while travelling. In pursuance of that recommendation an order in council was passed providing for such escort.

Mr. STEWART (Humboldt): It is simply the transportation of the escort?

Mr. BELAND: Yes.

Mr. LEWIS: It seems too bad that it is necessary to have an item, especially in reference to those who served overseas, expressed in the words "burial of destitute." Does that refer to men who were incapacitated in any way, or simply to those who have been out of work or who have become sick and died?

Mr. BELAND: There are in Canada about 450,000 men who served overseas. A

large proportion of these men are heads of families. It is only natural to suppose that a few of them will, economically speaking, go down the stream, though they have no physical disability. These may be persons who never requested the aid of the department, possibly because they did not believe they came within the regulations. They may die in poor circumstances, and this appropriation is to provide for their burial. There are very few such cases.

Item agreed to.

Federal Appeal Board, $150,000.

Mr. MANION: I would like the minister to allow this item to stand. He has made pretty good progress to-day, and there are a number of our committee who were under the impression that railway estimates were to come on to-night. There is not going to be any obstruction of this item, but some of them wish to speak to it, and I suggest that the minister hold this one and take 304, if he will.

Mr. BELAND: There is a large item of $33,000,000 for pensions, and I suggest that my hon. friend will be afforded an opportunity when that item comes up to discuss all the phases of the work of the appeal board in connection with pensions. I know this is the place to discuss the matter, but it is early, and if we are to make any progress at all, if we are to reach the end of the session at a reasonably early day, perhaps we could dispose of all these items. But if my hon. friend is of the opinion that we should not take the pensions item this evening I will not insist.

Mr. MANION: I have been requested by some of the committee to ask that this item be held over. It will not delay the minister any longer. He rather suggests that we have not made much progress, but we have passed over $9,000,000 to-day, which is a fair day's work.

Mr. BELAND: I agree.

Mr. MANION: I suggest that we take item 304 and leave the Federal Appeal Board and pensions items until next day. Perhaps the minister could give us notice a few days in advance as to when these items will come up. In fact, I would suggest that there might be some rule under which a couple of days' notice of the estimates that are to come up might be given instead of the notice just the night before. Some of us wish to speak to particular estimates and when they come up we are not ready, just as to-day—it was really understood that the railway items were to be gone on with, but they were ruled out of order. It is true that these were suggested for late to-day, but nobody thought they would be reached, because every-

10 p.m. body understood that railways would take the greater part of the day. It is true that in the past no such notice has been given, but that is no reason why we should not improve the rules of the House in that respect. If the minister can advise us when these items are likely to come up we will possibly get on better, because I would try to have the members of the committee here, and if they are not here it will be their own fault.

Mr. BELAND: I will do the best I can. My hon. friend will know, however, by experience, having regard to the number of measures on the order paper, the reports of committees, and the requests from gentlemen on the committees to bring forward certain matters at certain times, it is exceedingly difficult to determine more than a day in advance what the business of the government will be. However, I will endeavour to send a note to my hon. friend in this connection and also to the leader of the Progressive party. I have no objection to allowing this item to stand, because I myself have something to say with regard to it which may be of interest to hon. members.

Mr. SHAW: I would like to put on record now some matters in connection with the work of the Federal Appeal Board so that the minister may have an opportunity of dealing with them when the item is taken up. I have received numerous petitions of various kinds, and I wish to read from a couple of them so that when the time comes the minister can deal with them. One is from the War Veterans' Association at Calgary. I will read the material part of the letter:

Veterans in Calgary are dissatisfied with the manner in which these cases are heard, in particular the fact that the appeals are heard before one member of the board only, and judgment is reserved in all cases. We would respectfully suggest that the travelling board consist of three members of the board who would hear all cases and announce decision in the name of the board instead of a quorum of the Appeal Board at Ottawa again sitting on each case before decision is arrived at. We are of the opinion that this would be a means of saving to the government. Allowance of appeals by the Board of Pension Commissioners and D.S.C.R. after appellant has been heard is also unsatisfactory. These departments have already had their opportunity when examining the pensioner or appellant prior to appeal. Appeals from pensioners or appellants should be final in so much that if upheld by Appeal Board action should be taken to rectify injustice done to appellant and if adverse decision, decision would be final also and we are of the opinion

more satisfactory to all concerned. Appellants should be given benefits of doubts as to originality of disability within reason, which is not done at present. We would also suggest that appeals against reduction of pensions should also be within the scope of the Board of Appeal. The entire powers of the Appeal Board could be greatly widened to the benefit of all concerned and undoubtedly cost less in the long run to have these matters adjusted.

A long series of resolutions was passed at a largely attended public meeting of the citizens of Weyburn, Saskatchewan. I will read those which have reference to the work of the appeal tribunal:

1. That the time for appealing to the pension Appeal Board from the decisions and rulings of the Pension Board be extended.

2. That the scope and jurisdiction of the pension Appeal Board be enlarged so as to include assessment for disability in cases where the pension or allowance is complained of as being insufficient and the ruling of the Pension Board in that respect unfair and unjust.

3. That the pensions be increased to the extent of the present bonus.

4. That whereas the pension Appeal Board as at present constituted cannot reasonably and does not efficiently and speedily dispose of the work for which it was created.

And whereas the present system of dealing with appeals is cumbersome and unduly expensive, and is largely ineffective and leads to undue and unreasonable delay in dealing with the cases of disabled soldiers and the widows and orphans of soldiers who met their death in the performance of their duty to Canada and the Empire, and who during these long delays are without the means of sustaining life and must in the meantime depend upon the charity of their old comrades and of their sympathetic fellow citizens in the several communities in which they reside;

And whereas it has now been fully demonstrated that no single appeal tribunal can possibly hear and dispose of the very large number of appeal cases throughout the Dominion under the most favourable conditions, there being in Saskatchewan alone over 600 cases awaiting appeal, and even if it could that the unavoidable long delays would be the cause of great suffering which should at all cost be avoided.

And whereas if these appeals are to be efficiently and promptly dealt with,

Now it is resolved that some other system and method of appeal should be adopted.

It is further resolved and urged that the ruling or judgment of the Court of Appeal be final and binding upon the Pension Board and that the continuance of its present disregard and defiance of the law of Canada, as enacted by the people's representatives in parliament, be visited upon the members of the Pension Board by the most severe penalties, as in the case where ordinary citizens commit a breach of any of the more vitally important laws of the country.

A further resolution goes on to deal with some rather drastic punishments which it is suggested should be meted out to the pension board and also the officials of the Department of Soldiers' Civil Re-establishment. I simply want to bring these recommendations, which are typical of many I have received, to the attention of the minister, so that when the matter comes up again he will probably be able to advise us as to his suggestions in regard to improving this appeal procedure.

[Mr. Shaw.]

Mr. BELAND: Just a word in reply. I am very glad my hon. friend has placed those resolutions on Hansard. I may say at once with reference to the quorum of the appeal board sitting all over Canada, instead of just one member of the board, I have already taken steps to that end. I have called the members of the appeal board together, and after a discussion of the subject they have come to the conclusion that they should sit in the first place as a quorum instead of one. I think that will immediately meet one of the wishes of this body of returned men.

Another subject which my hon. friend brought up was the making of the pension bonus permanent. I think this also will be met at this session.

As to the rest of the resolution, I shall read it in Hansard to-morrow and be in a position to discuss it more intelligently when we submit this item for further consideration.

Mr. HUMPHREY: When this item next comes up I would ask that the minister inform the committee as to the number of appeals that have been made by the Board of Pension Commissioners against the decisions of the appeal board. As I understand it, the Board of Pension Commissioners have the right of appeal in the same way as the ex-service men have, and I think it would be useful if the minister would let us have that information, together with the number of appeals that have been made by ex-service men, and any other information that is pertinent.

Mr. BELAND: I will be glad to have that information ready for the committee. As a matter of fact, I have it here now.

Mr. McQUARRIE: I have a few remarks to make in reference to this appeal board. I think it is my duty to say that there is a feeling of disappointment in my province as to the limited jurisdiction of the appeal board. Certain returned men who expected their cases would be heard when the board was in British Columbia found that the board had no jurisdiction to hear their cases, as apparently it cannot consider any case where a pension has been granted; that is to say, the board has no control over the quantum of the pension.

Mr. BELAND: That is right.

Mr. McQUARRIE: There is one case I have particularly in mind. The minister will possibly remember that I took it up with him by correspondence. It seems to me that in that case the man has been very unfairly treated, and by reason of this case and other

cases of a somewhat similar nature, a general impression has been created that the medical boards of the department are anxious to keep down, so far as possible, the amount of the pensions. It has even been suggested that instructions have been given to the medical men to keep down the pensions, and to disallow pensions wherever that is possible. I am quite sure that no such instructions were issued by the minister, but the impression does prevail that, either directly or indirectly, instructions to that effect have been given. If that is a fact, I think it is a most discreditable thing, and I am forced to the conclusion that there must be some foundation for it, because in my opinion the medical boards are not treating these men with any degree of fairness. More than that, if statements made to me are correct, they are telling one story to the men and are making different reports to the department. That has been repeated to me time after time, and I say that kind of thing should be stopped. It is absolutely wrong; it is inhuman. I feel there is certainly room for some improvement in the method of handling the cases which come before the medical boards, and that there is not that degree of sympathy that should be shown to the men who have served their country like these men have done.

The particular case to which I refer, it seems to me, is a typical one. I have given the minister the particulars. I could give the man's name now, but I presume nothing would be gained by that, but if it is desired, I shall do so. It is the case of a man who served overseas and was very badly wounded. He had a gunshot wound in the head. He has quite a hole in his forehead; it is very noticeable; indeed it is so large you could almost put your thumb in it. He has another wound on his lip, which causes it to look like a hair-lip. He had an operation, and a piece of shrapnel was taken out of his head; there is another piece of shrapnel still in his head. That man has a wife and family, and is receiving a pension of, I think, $39 altogether. He is in very bad shape; he is a physical and nervous wreck. So far as I am aware no other cause has been assigned for his condition than his war services. There is nothing in his record which would give the faintest indication of any other reason. The man is certainly not in a fit condition to work. He is subject to fits of an epileptic nature which occur very frequently and he is unable to earn a livelihood. When I took the matter up with the minister I received a letter from his secretary stating that the case would be reviewed, and in the meantime the man would be taken on the strength in Vancouver. I sent a copy of the letter to the man and in due course he got in touch with the department in Vancouver for the purpose of being taken on the strength where, I presumed, he would come under observation and his case be satisfactorily dealt with. However, he ascertained from the officer in charge of the medical service in Vancouver, Dr. Proctor, that no instructions had been received from Ottawa to that effect. Dr. Proctor was of the opinion that the man was not qualified to be taken on the strength because he was physically capable of working. Apparently that was not the opinion of other government departments because when this man applied for various positions with the Department of Customs and the Department of Immigration on the border in my constituency he was informed that owing to his disabilities his application could not be considered at all.

After taking the matter up with Dr. Proctor I was informed that some arrangement was going to be made to take care of this man and in due course learned from the man what that arrangement was. It appeared that if he could make an arrangement with some employer who would guarantee that at the end of two months he would give him permanent employment the department would pay his wages in the meantime. That is to say, the department would pay the wages for two months but at the end of that time the employer would have to provide a permanent position. That seemed to me to be absurd. I thought the man must be mistaken and I said to him "Have you anything in writing to that effect?" He said: "No, but I think they would give me a letter to that effect", and I have that letter. Now, here is a man who is not able to work. Yet they tell him that if he can find some employer who will guarantee to employ him permanently at the end of two months the department will pay his wages in the meantime. I can read that letter to the committee if any doubt is entertained in the matter. It seems to me there is something wrong with a system under which such a proposition as that can be made. The trouble with the man is that he is not able to work. But what I am objecting to is that the board in Vancouver takes the objection that the disability if there is disability is not due to war services at all, or at least that that fact has not been established, that the onus of proof is on the man himself. Surely such an attitude as that is ridiculous. As a matter of fact, the man has been aided by an organization of a more or less charitable character

at the coast. Through its agency the man was sent to Chicago where one of the most eminent surgeons on the continent is located with whom he got in touch. That surgeon happened to be the very one who performed the first operation on the man in question. I have statements signed by that surgeon testifying to the man's condition, accompanied by X-ray photographs showing clearly that there is still a piece of shrapnel in his head. And yet according to the opinion of the medical advisers of the department something more than that must be proved. Surely such an argument as that is most inhuman. I cannot imagine how the minister, after hearing all these facts, could allow the matter to rest as it is. In my opinion quite a different attitude should be adopted. Here is a man who should be getting a fair and reasonable pension, because if I am any judge at all he is a physical and nervous wreck, and his condition is undoubtedly due to his war service. That is one case.

I have another case where a man had lost one eye and is getting a pension of $7.50 a month. What do you think of that? It is unbelievable but it is a fact. And that pension of $7.50 was only granted after a great deal of effort. The man is not satisfied with it, of course. He does not consider the pension a fair one; neither do I. That man served overseas and his eye was injured. Upon returning to Canada he went to the department and after keeping him under observation for some time it was decided that the eye must be taken out. It was removed and a glass eye substituted for it, and now the country pays him the magnificent sum of $7.50 a month. The reason assigned for not granting him a larger pension was that his eye was not in a good state when he went overseas. It is true that some fourteen years previously one of his eyes had been injured, but he still had the use of it and was in such good physical condition that he was accepted for service overseas. And to-day he is in receipt of the generous pension of $7.50. There is something wrong when it is possible for such treatment as this to be meted out to men who have given good service to the country.

I could go on and give further instances of unfair treatment, but I shall not do so because the chairman of the special committee investigating the cases of returned soldiers has stated that in all probability I shall have an opportunity of bringing the facts in my possession before the committee. However, I might relate the case of a man who served overseas with the Seventh battalion, was wounded there, is now in very bad shape but is not receiving a pension. Why? For two reasons; first, because he was over age when he enlisted. I have no sympathy whatever with an argument of that kind. They were not objecting that he was over age when the country required men. They were not objecting that he was over age when they sent him to the trenches, and he was right in the hottest part of the fight. He was wounded there. He was sent to England by instructions of General Odlam who was his officer commanding at the time. He went into hospital in England, and after he got out of hospital he was placed in "C" category. He might have come back to Canada at that time, but he said: "If I can do any work here of a clerical nature, I will stay, and I will let some man who is fit go overseas." He did that. Now they say to him: You should not have enlisted in the first place; that is where your trouble comes in, and in the second place, you were a very short time in the service and you had a good job in England. It is a terrible indictment of somebody when such things can happen. If they say that this man was a short time in France, what would they say about the glorious dead who were a much shorter time in the field than he was? If the Board of Appeal has any merit whatever, its jurisdiction should be increased so as to cover cases like this. As it is, these men have no place to go with their complaints except to the medical officers, who, as far as I can see, are anxious as much as possible to keep down expenditure, to keep down pensions, and to keep men from getting pensions wherever possible. I suggest that the minister who is, I believe, doing his very best to accord fair treatment in deserving cases, should take under advisement this question of increasing the jurisdiction of the appeal board, or of having some kind of tribunal where men who are getting inadequate pensions can go and be assured of receiving a fair and square hearing.

Mr. BELAND: I will carry in mind all the remarks that my hon. friend has presented to the committee, and I will endeavour to give the most careful consideration to them, also to the particular cases to which he has referred.

Item agreed to.

Special publicity, $5,000.

Mr. MANION: Why the decrease from $20,000 to $5,000?

Mr. BELAND: It was intended last year to publish a pamphlet, but the final reports of the royal commission were not produced in time to prepare that pamphlet.

Mr. MANION: How much of the $20,000 was spent?

Mr. BELAND: Just $600. We are asking for about $5,000 in case we require some advertising.

Item agreed to.

Civil government—Soldiers Civil Re-establishment, salaries, $28,820.

Mr. BELAND: It is agreed that we leave the Federal Appeal Board and pension items, but, perhaps, we can pass the civil government item which is reduced to a very small affair. There is no change except a very small reduction, because we changed from supervisor of expenditures to the departmental accountant.

Item agreed to.

Mr. MANION: I was going to suggest that it is now a Christian hour for gentlemen to go home and go to bed. It is about 10.30 p.m., and I think we have done a very good day's work. We have passed to-night nearly $10,000,000 of estimates.

Progress reported.

On motion of Mr. Graham, the House adjourned at 10.30 p.m.

Monday, June 2, 1924

The House met at three o'clock.

PRIVATE BILLS

FIRST READINGS

Bill No. 145 (from the Senate), respecting The Interprovincial and James Bay Railway Company.—Mr. Parent.

Bill No. 146 (from the Senate), for the relief of Angus Martin.—Mr. Sheard.

Bill No. 147 (from the Senate), for the relief of Lester Ernest Greenwood.—Mr. Ryckman.

Bill No. 148 (from the Senate), for the relief of Charles Lawson.—Mr. Arthurs.

Bill No. 149 (from the Senate), for the relief of Margaret Hickey.—Mr. Anderson.

Bill No. 150 (from the Senate), for the relief of William John Chenery.—Mr. Martell.

Bill No. 151 (from the Senate), for the relief of Florence Roberts.—Mr. Hocken.

Bill No. 152 (from the Senate), for the relief of Hugh Allan Macdonald.—Mr. Hocken.

Bill No. 153 (from the Senate), for the relief of Wilhelmine Christina Slater.—Mr. Hocken.

Bill No. 154 (from the Senate), for the relief of Emma Doris Perley.—Mr. Martell.

Bill No. 155 (from the Senate), for the relief of Arthur Hill.—Mr. Jacobs.

Bill No. 156 (from the Senate), for the relief of Louis White.—Mr. Lovett.

Bill No. 157 (from the Senate), for the relief of Emily Elizabeth Reeder.—Mr. Clifford.

SECOND READING

Bill No. 144, for the relief of Evelyn Eira Awrey.—Mr. Stewart (Hamilton).

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 106, respecting The General Animals Insurance Company of Canada.—Mr. Ryckman.

SATURDAY SITTINGS

On the Orders of the Day:

Mr. BEAUBIEN: Will the Prime Minister say when we may expect the House to sit on Saturdays?

Mr. MACKENZIE KING: I cannot give an answer yet; it will be another fortnight at least.

FREIGHT RATES ON THE GREAT LAKES

On the Orders of the Day:

Mr. H. E. SPENCER (Battle River): Has the attention of the government been called to an editorial in The Grain Growers' Guide of Wednesday, May 28, criticising the freight rates on the Great Lakes? This editorial reads in part:

The patriotic Canadian lake shippers, who enjoy a monopoly under the coasting laws, are soaking the shipper who exports wheat through Canadian channels. Where they have a monopoly they charge 2½ cents; where they face American competition they charge 1¾ cents. They charge 42 per cent higher rates on wheat by the all-Canadian route.

If this is true, what action does the government intend to take in the matter?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am afraid I shall have to have an opportunity of carefully reading the article in question before I can undertake to reply to my hon. friend's question. However, I shall see that the subject is taken into consideration.

HALIBUT FISHERIES TREATY

On the Orders of the Day:

Mr. FRED STORK (Skeena): Is there any possibility of the Halibut treaty being dealt with this year? The treaty relates to a closed season in halibut fishing.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The hon. member, I have no doubt, is aware that this parliament has approved of the Halibut treaty at the pres-

ent session, and I am informed that the United States senate has just ratified it.

Hon. ERNEST LAPOINTE (Minister of Justice): Will the leader of the Opposition make a speech now?

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): The only speech I will make is to recall one more inaccuracy on the part of the Minister of Justice (Mr. Lapointe); I have never on any occasion made any prediction as to what the United States senate would do, although my hon. friend has attributed such a prediction to me.

Mr. LAPOINTE: My right hon. friend made a hundred speeches throughout the country to the effect that there was no treaty.

Mr. MEIGHEN: The hon. gentleman will not accept my correction but I cannot help that. I said that there was none, nor was there any, up to this time—although there be one now. But I made no prediction at any time as to what the United States senate would do.

Mr. LAPOINTE: It is a queer notion of international law for my hon. friend to suggest that there was no treaty until it was ratified. The treaty was signed and approved by the Parliament of Canada and only needed the ratification of the United States senate. My right hon. friend talked about the matter throughout the country and now it is all settled.

Hon. H. H. STEVENS (Vancouver Centre): Might I ask the Minister of Justice why the hon. member for Skeena (Mr. Stork) was called upon to inquire when the treaty was to be ratified? And why did the hon. minister add such vociferous cheers?

Mr. LAPOINTE: The question answers itself.

Mr. STEVENS: It certainly does.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

GOVERNMENT WIRELESS STATIONS—DAWSON AND MAYO

Mr. BLACK (Yukon):

1. What was the total cost of installing each of the government wireless stations at Dawson and at Mayo, Yukon Territory, in 1923?
2. What has been the cost of operating and maintaining each of said stations since its installation?
3. How many employees are engaged at each of said stations and in what capacities?
4. What has the revenue been from each of said stations since its installation?

[Mr. Mackenzie King.]

Hon. Mr. COPP:

1. Cost of equipment and installation at Dawson City, $11,438.64; cost of equipment and installation at Mayo, $8,621.57.
2. Cost of operating and maintaining station at Dawson City, $4,669.63; cost of operating and maintaining station at Mayo, $3,327.78.
3. Dawson, 4: Superintendent, 2 operators, engineer. Mayo, 3: 2 operators, engineer.
4. Dawson, $363.65; Mayo, $576.82.

CANADIAN NATIONAL RAILWAYS—MONCTON OFFICE

Mr. DOUCET:

1. What is the amount paid to the officials and clerks in connection with the office of comptroller and treasurer of the Canadian National Railways at Moncton, N.B., for the years ending January 31st, 1922, 1923 and 1924?
2. What is the passenger and freight mileage handled by the above named office during the same periods?
3. Is it true that whilst the passenger and freight mileage managed at Moncton, N.B., is very much less than in 1922 (this division extending only to Rivière du Loup and Monk instead of to Montreal and Winnipeg as under the Hanna management), the cost of the office of comptroller and treasurer at Moncton, has increased from approximately $13,000 in 1922 to $30,000 in 1923?

Hon. Mr. GRAHAM: In view of question No. 3, the management feel that question No. 1 was intended to read "for the months ending January 31st, 1922, 1923, and 1924," and have answered the question accordingly.

1. Amount paid comptroller and treasurer, and staffs, is as follows:

January 1922, $20,290.20; January, 1923, $21,572.17; January, 1924, $19,558.01.

2.

Train Mileage	Track Mileage
January 1922—804,749	January 1922—4,468
January 1923—947,758	January 1923—4,435
January 1924—550,143	January 1924—2,760

3. New system of regional accounting was inaugurated May 1, 1923. The decrease shown at Moncton is not large, as compared with mileage. Such difference in mileage does not to any great extent affect general accounting, outside of revenue accounting. On the entire system, owing to the new system of regional accounting, there has been a large decrease in staff, and a saving of expense in the entire accounting department of the system amounting to about $200,000 per year. The staff at Moncton is still handling all old accounts, and adjustments of accounts, prior to 1st May, 1923, for the entire Canadian Government Railways, 4,435 miles.

CANADIAN NATIONAL RAILWAYS—ATLANTIC DIVISION

Hon. Mr. BAXTER:

1. Have standard mileage rates recently been increased on Canadian National Railways, Atlantic division?
2. If so to what mileage does such increase apply?

Hon. Mr. GRAHAM:

1. Revision effective May 10th, 1923, for the purpose of providing a uniform standard mileage scale throughout eastern Canada east of Capreol and Cochrane, Ontario. At the same time the use of the special class tariff to and from town tariff points was authorized between intermediate stations which are not town tariff points.

2. For distances over 250 miles. Very little traffic moved over 250 miles under standard mileage rates, and the application of town tariff rates as maximum now takes care of such as will move on a basis substantially lower than the standard mileage rates.

CANADIAN NATIONAL RAILWAYS—DIRECTOR JAMES STEWART

*Hon. Mr. STEVENS:

1. When was James Stewart appointed Canadian National Railway director?
2. How many meetings of such directors has he attended since? When and at what places?

Hon. Mr. GRAHAM: Mr. Speaker, the president of the Canadian National Railway Board feels that he should not be called upon to answer this question—at least, he does not think it would be fair to do so until he has consulted the board.

Mr. SPEAKER: Dropped?

Mr. STEVENS: No, stands.

CANADIAN NATIONAL RAILWAYS BOARD MEETINGS

*Mr. ROSS (Kingston):

1. How many meetings of full Board of Directors of the Canadian National Railways have been held since July, 1922?
2. What Directors were at each meeting?

Hon. Mr. GRAHAM: This question is in the same class as the one before it.

Questions stand.

QUEBEC IMMIGRATION CANTEEN

Mr. DOUCET:

1. What are the actual prices charged immigrants arriving at or passing through Quebec by the immigration restaurant and canteen keeper, on the following articles: (a) Milk, per quart; (b) Bananas, per dozen; (c) Apples, per dozen; (d) Bread, per loaf; (e) Large buns, per dozen, and (f) medium buns, per dozen?
2. Are such prices, charged for items in question, the current prices obtaining in other stores of Quebec city?

Hon. Mr. ROBB:

1. Milk is sold by the pint in glasses in the canteen for five cents and by the pint in bottles at twelve cents, seven cents being refunded on the return of the bottle. Bananas, fifty cents per dozen; apples, forty cents per dozen; bread, ten cents per loaf; buns, one size only handled, extra large and baked on the premises; retailed at five cents each or fifty cents per dozen.

2. Milk is sold at less than current prices. Prices of bananas and bread are the same as charged in local stores, the only difference being that bread sold at the immigration canteen is wrapped in oiled, grease-proof paper.

Apples are sold below the prices charged by some retailers. Buns such as are sold at the canteen are not made by local bakers, the latter's product being smaller in size.

COLONEL J. CARLETON BROWN

Mr. CHAPLIN:

1. Is Colonel J. Carleton Brown an employee of the Canadian Government Merchant Marine? If not, is he employed in any capacity in the government service?
2. Has the said Colonel J. Carleton Brown been recently sent on a mission to South America by the Canadian Government Merchant Marine, or the Canadian National Railways, or by any department of the government?
3. If so, what is the purpose of his mission, what is his salary or remuneration?
4. What special qualifications has the said J. Carleton Brown for such mission?
5. Is the government aware that the said J. Carleton Brown is a civil engineer by profession?

Hon. Mr. GRAHAM:

1. No.

2. Col. Carleton Brown has been sent to West Indies by the Canadian Government Merchant Marine.

3. To investigate the possibilities of developing business between the West Indies and Canada and the service necessary therefor. It is not considered by the management to be in the public interest of the Canadian Government Merchant Marine to answer question regarding salary or remuneration.

4. In the opinion of the management Colonel Brown has the necessary qualifications to carry out such mission.

5. The management state that Colonel Brown is a civil engineer by profession.

ORIENTAL IMMIGRATION

Hon. Mr. STEVENS:

1. How many immigrants from China were admitted into Canada for residence during the past fiscal year?
2. How many residents of Japan were admitted into Canada for residence during the past fiscal year?
3. Has the government entered into a new agreement covering Japanese immigration with the Japanese government? If so, has a quota of 150 been fixed upon?
4. If a quota has been fixed, does the said quota include all classes of immigrants, such as merchants, students, etc., or are such admitted in excess of the said quota?
5. Has the government agreed with the government of Japan not to pass any legislation restricting Japanese immigration into Canada?
6. Has the government received any communication from the Retail Merchants' Association of Vancouver, or of British Columbia, asking for legislation restrict-

ing Japanese immigration similar to the legislation passed last year restricting Chinese immigration? If so, is it the intention of the government to introduce such legislation?

Hon. Mr. ROBB:

1. Admitted under the provisions of the Chinese Immigration Act (repealed), 659; admitted under the provisions of the Chinese Immigration Act, 1923, 6; total 665.

2. 448.

3. As a consequence of negotiations between representatives of the governments of Japan and Canada last year, the Japanese government undertook to restrict to 150 annually the number of Japanese emigrants going to Canada as household servants and agricultural labourers.

4. Answered by the answer to No. 3 above.

5. No.

6. Yes. The question of the advisability of further restriction of Japanese immigration is under consideration.

MR. D. STANLEY MacNEIL

Mr. McDONALD (Timiskaming):

Is the government considering the claims of Mr. D. Stanley MacNeil, in regard to loss sustained by him through the disallowance of chapter 177, Acts of Nova Scotia, 1921?

Hon. Mr. LAPOINTE: Mr. MacNeil's claim was fully heard and considered upon the application for disallowance and the government has no authority to review its action.

RATES ON COAL FROM ALBERTA EASTWARD

Mr. CHURCH:

1. Is it the intention of the government, under the powers it has by the general Railway Act, to arrange with the Board of Railway Commissioners for Canada for a hearing to fix a rate that is just, equitable and reasonable, for the carrying of coal from Alberta and Nova Scotia to central Canada? If not, why?

2. What is being done by the government to carry out terms of resolution adopted in March last by the House to ensure an all British coal supply?

Hon. Mr. GRAHAM: The province of Ontario has made an application to the Board of Railway Commissioners concerning the rate on coal from Drumheller to Ontario points. Legal representatives of the province have been in conference with the railways, and when certain information to be filed by the applicants has been received, a date for a hearing will be fixed.

MR. LUDOVIC GERMAIN

Mr. DOUCET:

1. Did the Postal department hold an inquiry on Mr. Ludovic Germain, chief of the city delivery in the Montreal post office?

2. If so, what was the result of such inquiry?

3. What action does the department intend to take in the matter?

[Mr. Stevens.]

Hon. Mr. STEWART (for the Postmaster General):

1. Yes.

2. Charges not founded on fact.

3. None.

TORONTO POST OFFICE

Mr. CHURCH:

1. What are the receipts from the Toronto post office for the last three years of record?

2. How many sub-stations are there in Toronto?

3. Is it the intention of the government to open any new branch post offices, or to effect any co-ordinations of sub-stations in Toronto, or to buy or rent or build any additional sub-stations? If so, where?

4. Is it the intention of the government, in view of the very large revenues from Toronto, to reduce the rate of drop letters in the city limits?

Hon. Mr. STEWART (for the Postmaster General):

1.

Fiscal year ending March 31	Receipts
1921	$4,947,776.64
1922	5,223,978.58
1923	5,798,015.40

2. 124, that is, 11 postal stations and 113 sub-post offices.

3. Branch post offices will be opened up within the metropolitan area at Toronto or closed as the exigencies of the service may require.

4. No. Toronto could not be treated differently from other cities.

QUESTION PASSED AS ORDER FOR RETURN

SOLDIERS' CIVIL RE-ESTABLISHMENT—ST. JOHN UNIT

Mr. HANSON:

1. How many persons other than medical men are employed in and about the unit of the Department of Soldiers' Civil Re-establishment located at St. John, New Brunswick?

2. What are their names and rank, and what is the pay and allowances of each?

3. What is the gross cost of such salaries and allowances?

4. What was the total cost for all services and expenses of such unit during the last fiscal year?

UNOPPOSED MOTIONS FOR PAPERS

DALY BUILDING, OTTAWA

Mr. PARENT:

For a copy of all letters, telegrams, memorandum, agreement and all other documents relative to the purchase of the Daly building in the city of Ottawa from the H. J. Daly Company in the year 1921, together with copies of the order in council dated the 31st of August, 1921, and the deed dated September, 1921.

BUILDING OF GOVERNMENT SHIPS AT PRINCE RUPERT

Mr. COOTE:

For a copy of all correspondence, telegrams or other documents passing between the London Guarantee and Accident Company, Limited, or any other parties, and the government, in connection with the bond for $321,000 covering the completion of two ships at Prince Rupert by the Prince Rupert Dry Dock and Engineering Company, Limited.

MILITIA ACT AMENDMENT

TROOPS IN AID OF CIVIL POWER

Hon. E. M. MACDONALD (Minister of National Defence) moved that the House go into committee at the next sitting to consider a proposed resolution to amend the provisions of the Militia Act, chapter 41 of the revised statutes, 1906, relating to calling out the active militia in aid of the civil power.

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.

CANADIAN NATIONAL RAILWAYS

DISCUSSION OF ANNUAL STATEMENT OF THE MINISTER OF RAILWAYS AND CANALS

The House resumed, from Wednesday, May 28, consideration of the proposed motion of Hon. Mr. Robb for committee of Supply.

Sir HENRY DRAYTON (West York): I do not intend to take up much of the time of the House in considering the statement presented by the Minister of Railways and Canals (Mr. Graham). There is one thing however, I would like to point out in the first instance. I was interested in what the hon. gentleman said with regard to increased earnings on the Grand Trunk Pacific line. There were added earnings in that section which were to be expected, and the like applies also to the Transcontinental. There is no mystery as to why we have a larger percentage of earnings in connection with these lines than we have in connection with other lines in the system. Those lines were built without business feeders and in territories already largely occupied by railways, or, if not so occupied, of such a character that they did not produce freight. They now enjoy the traffic coming from the old Canadian Northern branch lines, particularly the prairie system of the Canadian Northern, where the loadings are good and the traffic heavy. Of course these increases are taking place. I point out to my hon. friend in this connection that it is merely a matter of accounting, but that as a matter of fairness to the government system itself the earnings on that traffic ought not to be prorated in the ordinary way; the originating carrier, i.e. the prairie lines of the old Northern ought to have credit for business originated on their line and a weightier prorate, as in the case of ordinary railway business between different companies.

We had a question in the House the other day which my hon. friend took exception to, and I said at the time that I had some sympathy for the stand he took. That question had to do with the matter of details of some railway operation—the exact point I forget. I propose to draw to your attention, Mr. Speaker, the present unsatisfactory position in which not only the House but the system find themselves, with a view of ascertaining whether or not there is some sensible way in which the activities of parliament can be so co-ordinated with the operation of the National line that on the one hand parliamentary rights can still exist and on the other the railway system be allowed to carry on irrespective of political interference.

Let me say at the outset that if we are to make a success of the National Railways—and every decent Canadian is interested in seeing that this is done—we cannot look upon them as a mere controversial issue. I take peculiar interest in this matter. It was back in 1916 that I was a party to the report under which largely these lines were acquired, and, although that was some years ago I have not been able to change the conclusions I then came to. In the first place, Mr. Speaker, it is perfectly clear there is nothing immoral in public ownership as such. There is no difficulty in connection with the ownership of property. On the other hand, it is also perfectly clear that in every country outside of Prussia that has tried the experiment, political interference to a greater or less degree has militated against the success of the experiment, has resulted in either higher freight rates or poorer service. The fault did not lie by reason of the fact that instead of there being perhaps a couple of thousand private shareholders in the country, the whole people of the country were shareholders; the fault lay in the improper interference on political grounds, on local grounds, with the proper running of the system. We have had different kinds of public undertakings run, and successfully run, when we got away from direct parliamentary control. We have commissions run-

ning, and running successfully, the Ontario Hydro Electric, for instance; I could mention others, but it is not necessary. If we can once get away from making, as a matter of party politics on the floor of this House, a football of a great national asset, and see that it is properly run, we are making a long step in advance.

There are two schools of thought in connection with this matter, but I think that both schools—everybody—will agree that the first thing necessary is that there shall be no dispute, no mystery, no concealment as to what the actual performance of the country's property is. Now, as we have it to-day, we have not yet been able to take that first initial step. Why, there is dispute to-day even as to the meaning of that report which was tabled by my hon. friend last week, and the dispute still continues. Surely it is perfectly clear we ought to have certainty, that there should be no doubt as to what the truth is, that every one should know where we are going. Just to show the state of bewilderment the public are in, and to prove that these errors are not confined to the less intelligent members of the community, but are to be found even with the most intelligent, I am going to refer to the public press. The Montreal Gazette of the 29th of May makes the declaration that the Canadian National Railways had made a net improvement of $5,917,561 as a result of the year's operation; and on the same date, with information collected from the same report, by gentlemen sitting in the same gallery, the Ottawa Citizen says that the Canadian National made an improved showing of $12,000,000 as compared with the previous year. We must try and find out what the truth is; we can never make progress without it. Doubt still remains. Why, in this morning's Montreal Gazette, Sir Henry Thornton, in a rather lengthy newspaper interview which he gave in effect, says that both these gentlemen do him grave injustice, because, he says, there was an increase in his net income, if I remember rightly, of $20,000,000 or $21,000,000; at least $20,000,000. Obviously we ought to get such a report, such information, for the House that there ought to be no room for argument as to what the truth is.

Now then, let us go back to what the two different schools of thought are. I am going to an authority that my hon. friends on the government benches will immediately accept. I am going to take the considered utterances of my right hon. friend the Prime Minister (Mr. Mackenzie King) as showing what one school thinks in connection with this question of railway administration, an administration than which, according to them, must of necessity be a matter of controversy in the House, and a matter of party politics. I first read from Hansard of 1920, page 1669. The right hon. the present Prime Minister then said:

> Mr. Speaker, I do not wish to take up the time of the House, but I think it is important that the country should clearly understand the amazing doctrine that the government has put forward this evening as regards public ownership, especially as the government prides itself somewhat on having gone in for public ownership on a scale that no country has attempted or even thought of. Unless I am completely mistaken, the significance of all that has been said by the Minister of Railways, the Minister of Marine and the Minister of the Interior, has been to the effect that with the extension of government ownership, there is to be, not an increase of publicity, but a diminution of publicity in regard to matters pertaining to operation.

On the next page, the right hon. gentleman is reported as saying:

> Again, I must say to the House that if any hon. member will take the trouble to look at Hansard tomorrow, I think he will find that the expression the Minister of the Interior used was "enterprises of limited scope," and in that connection he referred particularly to the Intercolonial railway; he said that it was all right as regards enterprises of limited scope for a minister to come down and give to parliament a detailed account, but when we got beyond these "enterprises of limited scope," in other words, when we got into these vast undertakings in which this government has landed the country then we were to have something different; we were to have corporate management as private business enterprises were conducted.

Again he says:

> The point to which I wish to direct the attention of the House is that it should be a matter of principle that there is nothing connected with the properties that the people of Canada own that the people's representatives in this parliament should not have a right to inquire into, not at one particular time, but at all times. That is a principle which the people of this country will expect to see respected in this parliament.

Now I stop just at that point. I do not adopt the principles laid down by the right hon. gentleman. I do want to see, if possible, some method by which the people's representatives, charged as they are with the safekeeping of the people's money, may satisfy themselves that substantially all is well, and at the same time maintain such a position as will enable this business—just as was said by my right hon. friend we were then trying to do—to be carried on as by a private corporation, without political interference. My hon. friend went on to say—and I wish to point this out because it has unmistakable significance; I want to dissociate myself from the proposition at once—that parliament should have a right to make inquiry not only at one particular time but at all times, that it was a matter of very great moment. I point out to the House that if what was then sought to be done could be done, if to-day's current business was to be made pub-

lic, the National system, competitive as it is with the Canadian Pacific, could not be carried on—it simply could not be done. What we want to do, then, was to see that information was given the House, but at such a time that it could not place the system in a position of disadvantage in connection with its current business: In other words current operations and current business were to be regarded as a sealed book. My right hon. friend could not agree with us at that time and went entirely too far, I think, in the opposite direction. He goes on to say:

That is a principle which the people of this country will expect to see respected in this parliament. If government ownership is to mean that there is to be less and less in the way of publicity, a good many who have been advocating government ownership will think twice before they continue their advocacy. I ask the ministry what is there that can be done, if it is done in an honest and straightforward way, that will suffer from publicity? What is there to be feared from publicity?

Well, I have no doubt those were the honest convictions of my right hon. friend at that time, but I am sure they are not his convictions to-day. Everything he says there is absolutely and entirely at variance with any idea of allowing the present directors free and unfettered management. I would also point this out: No matter how honest and straightforward Sir Henry Thornton may be it is possible that he would suffer from publicity, and it is possible he would have something to fear from it. Let me illustrate. When running a tremendous business in competition, as I have already said the railway president is interested in obtaining the very best quotations for supplies he can get, also in the strategic work that has to be undertaken—such a planning of lines, such a planning of private sidings, as will enable him to get as big a share as possible of competitive business. But every move on his part in connection with private sidings and the proper laying out of the system would be negatived if the publicity which the right hon. gentleman has urged should be adopted. My right hon. friend's question was answered by the late Mr. Richardson, formerly member for Springfield who said "nothing." My right hon. friend then becomes more positive, the interpolation encourages him. He goes on to say:

The more extensive a business becomes the greater is the need for publicity.

Again he says:

The vaster an organization the greater the need of publicity. I say that the ministry is heading in the wrong direction when they seek to stifle the giving of information. Their aim should be to encourage wider and wider publicity in regard to public affairs.

That was the considered stand taken by the right hon. gentleman in the year 1920. After thinking the matter over for a year he becomes a little more emphatic, if it is possible to be more emphatic, because on March 22, 1921, he moved the following substantive resolution:

Subject to the reservation that in exceptional cases there may be documents of a confidential character which, in the public interest, may properly be withheld from publication, the House declares that it is the undoubted right of parliament to demand and receive copies of all reports, accounts, correspondence and papers, in relation to the management of every department of the public service including the affairs of the Canadian National railways, whether operating directly under the control of the department or under corporate form.

Hon. gentlemen will see that the resolution could not be more wide or more positive. In a word it puts the current business of the government railways exactly in the same position as the business of any other department, because so far as any other department of the government is concerned the minister can refuse at all times to bring down confidential papers and there have been such refusals. So that the whole idea and effect of the considered resolution introduced by my right hon. friend in the year 1921 was to put the operation of the Canadian National railways in exactly the same position as the operations of any department of the government. In speaking to the motion my right hon. friend said:

But when it comes to the public, who are the owners of the system, and who are to meet the liabilities for any shortages occasioned by its management, we are told that the representatives of the people in parliament shall not have the right to obtain information respecting essential matters of management and detail.

The hand is not to be taken off the management; direct management is to be interfered with. He goes on to say—

We recognize that Canada has not been faced, except during the period of the war, with a situation that was ever quite as grave as that which is produced by the railway problem to-day. It is certainly the first question pressing for solution, it is in every way the most baffling problem with which the country has been confronted. But the only way in which a problem of such magnitude can be solved, if it is to be solved at all, is through the people's representatives in parliament having the fullest information in regard to all its aspects.

I am afraid I will have to take direct issue with my right hon. friend there. I think that is going entirely too far. No useful purpose could be served by having every member given a whole lot of details in connection with railway management that he could not possibly understand—no one can unless he is a railroader. Furthermore if these details were given the railways could

not be carried on properly. My right hon. friend goes on to say:

> Now, Sir, the reasonableness of the demand in this resolution, will, I think, be wholly apparent. All that the resolution requests, is, that as respects the Canadian National Railways, which are a branch of the government public service, this House shall have the same right as it has in respect to all other branches of the public service, viz:—the right to the fullest information with respect to matters of great public concern. May I point out that the government's attitude in refusing to give this House any information, is really placing a premium, so far as the management of these railways are concerned, on inefficiency and on incapacity, if not also on absolute dishonesty.

Again I take sharp issue with my right hon. friend. He is going much further than the public interest requires; in fact if these ideas were to be applied we might as well give up all hope of doing anything with the National system. The present government are leaving matters very very largely as the late government did, but I wonder what the newspapers in the country would say if any member having a knowledge of the subject would get up and state that by reason of the fact that full details of the railway management cannot be obtained the government were really placing a premium on inefficiency so far as that management was concerned, and on incapacity, if not also on absolute dishonesty. My right hon. friend was wrong. I am referring now to Hansard for the year 1921, page 1179. He goes on to say:

> I should also like to say that it is unfair to that large body of the public who are advocating a system of government ownership, that facts respecting the operation of these roads should be withheld from parliament. This is not the time to argue the merits or demerits of public or private ownership; but it is just to all persons, whether they are advocates of private ownership or advocates of public ownership, that the fullest amount of information should be placed before parliament, so that an intelligent public opinion way be formed as to which of the two methods is likely to prove more in the public interest.
>
> The only argument the government has urged against giving information is the specious one that for it to do so would lead to the affairs of the National Railways being brought into party politics, that it would lead to a political control of these roads. Let me say, Mr. Speaker, that I think the direct opposite is the truth. The danger of the railway system of Canada being used for political ends lies in the fact that their operation is being surrounded by the secrecy with which the government is surrounding it at the present time. The one and only safeguard against political interference and control is the frankest, freest, and fullest publicity in regard to all the affairs of these railways.

Just let me paraphrase for a minute. In other words; the only way that the operations of the Department of Public Works shall be run by its political management, free from all its political control is that the frankest and freest and fullest publicity in regard to all the affairs under the Department of Public Works should be given. I wonder if any one will get up and say, without the risk of cracking his lips, that there is any government that is free from political influence. And yet we have the full information in connection with these departments—at least we ought to have it; we do not always get it I admit, but I do not think the hon. member will quarrel with me if I say that at least he is going to change his view as there expressed. Now my right hon. friend was not alone in those opinions.

Mr. MACKENZIE KING: Is all that my hon. friend has read not in the nature of a reply to an attitude on the part of the government of refusing any information?

Sir HENRY DRAYTON: Oh no, my right hon. friend is quite wrong. He is here speaking in advocacy of his own motion, to see to it that there is no privacy, that there is a right of public information, and that the smallest act of anybody in connection with the railways, even if done yesterday, should be made the subject of a debate in the House to-day, if thought desirable. He must remember that the issue is very very plain.

I am going a bit further. I think the wisest thing my right hon. friend can do is to adopt the stand taken by the previous government, to prevent the doing of just what he then wanted to do. He did not want it stopped; then he is in the position of responsibility and he wants to stop it now.

Mr. MACKENZIE KING: I cannot admit what the hon. member is saying at all. I do not wish to stop it.

Sir HENRY DRAYTON: The Minister of Railways certainly does want to stop it. He stopped answers, and I think properly so. But if it be the policy of the government to throw down all the fences, so far as the Canadian National is concerned, they certainly have not shown any evidence of that during the last two or three years. Oh, no. What has been done is, in effect, precisely what has been done before, but without any clear principles or understanding. In order that there may be no misunderstanding in regard to where I stand, the position of the late government was, that, so far as matters of management and operation were concerned, the fullest possible freedom was to be given to the directors; that the House was not to have the right to get details from day to day of current matters of operation and management, current contract prices and the like; that they were not as of right to be in the position to say that some little thing is done wrong at this particular siding, or that the station at another

4. p.m.

point should be better than it is, and that sort of thing; but that so far as matters of capital were concerned, new work, extensions in the field of operation and the like, this House had to give its consent and approbation before the new work could be started or new capital expended. But we went further than that, Mr. Speaker. Our position was that the only thing we wanted to do was to leave things in such a way that the management was to carry on without interference with the current business; but that so soon as the current business was over and became a matter of the past, and there could be no possible injury done to the management, then parliament had a right to the information. That is one of the things my right hon. friend was referring to in his speech when he said that they were not entitled to information, at some particular time, but were entitled to it at all times. I really think he would be well advised to lay down clear and decisive lines on which information should or should not be given in connection with the railway. With a good deal of deference, Mr. Speaker, I venture to suggest that he will not be able to go further in the interests of the public than his predecessors did; he is certainly not doing it to-day. He is certainly protecting Sir Henry Thornton and his directorate to-day.

But my hon. friend's views, as I have quoted them, are not peculiar to himself and his party. The right hon. Minister of Finance (Mr. Fielding) went, if anything, further—well I do not know that he could go further, but if he could he would have done so. I think it would be hard to find any member of my hon. friend's party who did not take exactly the same view. When the resolution was pressed to a vote he got the whole of his party to vote for it and if I am not mistaken he captured one or two Progressives in that particular vote. The whole strength of my hon. friend's party was represented either in that vote or in those commitments, and one interesting statement was made by the hon. member for Brome (Mr. McMaster), who at that time supported my right hon. friend with all his well known force and vehemence in this demand for publicity. He went a step further in the matter to which reference was made by the Minister of Railways (Mr. Graham) in his speech the other day—information given to shareholders. The hon. member for Brome took the position that the people of Canada, who had to bear the loss or were to profit by the gain, were in a somewhat different position from ordinary shareholders inasmuch as, so to speak, they were constrained to be such; and in view of that fact they had infinitely more right to information than had the ordinary shareholder. That is one view of this question. I think I am right in saying that whatever my right hon. friend may think as a matter of principle, he does not to-day adhere in practice to the views he then held. And, certainly, if he did adhere to them it would be much better for him, in the public interest, to refrain from giving effect to them but rather to support his colleague the Minister of Railways, who from time to time has objected to information being given out. Why, Sir, only to-day we have had two cases of this kind in connection with a matter far more open to inquiry than was any one of the questions to which we when in office offered objection. And what were these two cases? The first was as to whether Mr. Stewart was attending as a director, and how often he had been present; and the second one was a broader question which would include all the directors, information being sought regarding their diligence in attendance. A matter of this kind has absolutely nothing to do with the details of the company's business, and the answers to these questions could not help any one interested in the Canadian Pacific Railway or any one who might want to know, for purposes of competition, what the company was doing. Nevertheless the minister refuses the information. I think my hon. friend went a bit too far in this connection.

Mr .GRAHAM: I did not refuse. The president took exception to the question, and at all events he would not care to give information until he had consulted the board.

Mr. MEIGHEN: May I point out that this is the way in which the minister has refused all information? A return comes down conveying the intimation that the president or the directors think the information should not be given.

Sir HENRY DRAYTON: My hon. friend had a right to adopt this general attitude. The former president took his stand openly, giving his reasons; and the late government absolutely supported him in that position, having regard, as I have said before, to all matters relating to current management and operation. Now, I think that the position the minister takes in regard to the two cases I have given is a mistaken one; and I also think it is a mistaken position which some others take, that simply because a man is made a director of the Canadian National Railways, or possibly president, therefore whatever he does is sacrosanct, and that any one who desires any information—yes, any

one who wants to do anything to better the system—commits a grave offence unless he acts upon their ipse dixit. Surely there is room for a common sense stand in connection with this matter; surely it must be right that the activities of these gentlemen should be open to investigation like those of any one else who some day has to be checked up and to give an account; surely it is right that parliament, representing the people who have to supply the money for operating the system, should be able some time to make an inquiry, without doing any injury to current business, for the purpose of securing information to show where the money has gone and to find out whether things are as they ought to be. Why, to use the language of my right hon. friend when in opposition, if we did not disclose things from day to day in regard to current business we were courting inefficiency and inviting dishonesty. Well, I do not know what he would have said, and very justifiably have said, if we had promulgated the present doctrine ourselves; I cannot attempt to describe the language my right hon. friend would use to designate such an attitude, because my vocabulary is entirely inadequate for the purpose.

Now, Mr. Speaker, I am very genuinely interested in this question, and I say that obviously political management will never do; sooner or later parliament has to assume some responsibility, and it does so every time it votes money. My own original view was that while parliament should be given the information to which it was entitled, at the same time the trustees, as they were then called,—I make no distinction between trustees and directors, the difference being merely a matter of names—should be surrounded with all the safeguards that relate to a judge, as to removal. This question, Mr. Speaker, is not solved at all; my right hon. friend has not solved it. I certainly do not desire to speak in reference to the right hon. gentleman in any way that might possibly be regarded as offensive; and indeed this should not be a matter of party politics; but, I ask: What has my right hon. friend done? He has got rid of a railway board on which there were Liberals and Conservatives and he has replaced it with a solid board of his supporters. There is no dispute about that; I am dealing with the new directorate which my right hon. friend has appointed.

Mr. MACKENZIE KING: Was there any member of that board, to which my hon. friend has referred, who was not a supporter of the Union government?

Sir HENRY DRAYTON: Yes.

[Sir Henry Drayton.]

Mr. MACKENZIE KING: Tell us who he was.

Mr. MEIGHEN: Perhaps my right hon. friend will remember Mr. Hamilton who resigned from the board to take a position in the Martin government of Saskatchewan.

Mr. MACKENZIE KING: Mention some member who did not resign.

Mr. MEIGHEN: The ones you got rid of.

Sir HENRY DRAYTON: I do not think we shall experience much difficulty in disposing of this question. Take Mr. Barnhill, of New Brunswick. There was a gentleman of whom, I venture to suggest no man either in this House or outside, who knew him, could say anything derogatory. He was a gentleman who was a lifelong supporter of Sir Wilfrid Laurier; in fact, they were great personal friends. Mr. Barnhill enjoyed the confidence of Sir Wilfrid Laurier to such an extent that he acted as Sir Wilfrid's nominee, if I remember rightly, in connection with two international commissions or arbitrations, one being the inquiry as to the St. John river boundary. I do not think any one in the world can truthfully say anything against that gentleman. He was not appointed because he was a Tory; he was not. If my right hon. friend wishes to state the contrary, I will sit down at once.

Mr. MACKENZIE KING: I hope my hon. friend will not interpret my remarks as being directed against the hon. gentleman. He made the statement that members of the present board happen to be Liberals, and I asked him to please name some of the members of the board which my right hon. friend appointed who were not supporters of the Union government.

Sir HENRY DRAYTON: I have already done that.

Mr. MACKENZIE KING: I do not think so.

Sir HENRY DRAYTON: Supposing, for example, we had appointed to the board my right hon. friend's colleague, the Right Hon. Mr. Fielding, would he look upon that gentleman as a supporter of the Union government?

Mr. MACKENZIE KING: Why did you not put him on the board?

Sir HENRY DRAYTON: In the fullest sense my right hon. friend knows that not one of those gentlemen were any more supporters of the Union government than was his desk-mate.

Mr. MACKENZIE KING: Might I just add, since my hon. friend mentions the name of Mr. Hamilton, that he was a supporter of the Union government.

Sir HENRY DRAYTON: I do not know whether he was or not.

Mr. MACKENZIE KING: He was, as a matter of fact.

Sir HENRY DRAYTON: I will go a step further: We did, at any rate appoint gentlemen whom my right hon. friend does not desire to say anything against. I respect his truth and caution. They were dismissed without any cause being assigned. I have not yet heard any attack upon Mr. Barnhill, or upon Mr. Wood, or upon Mr. Hobson, or upon Mr. Riley. But, never mind what distinctions may be drawn as to whether any of these gentlemen was supporting the Union government or not, I desire to point this out to my right hon. friend, that not one of those directors was a machine politician, not one of them ever took part in the conduct of an election, not one of them was ever a member of this House. In a word, they were not partisans.

Mr. JOHNSTON: Mr. Speaker, if I may correct my hon. friend—he is wrong with respect to Mr. Hamilton. That gentleman is a politician and took part in the Unionist campaign of 1921.

Sir HENRY DRAYTON: A lot of Liberals did that too.

Mr. JOHNSTON: But he was a director of the Canadian National Board.

Sir HENRY DRAYTON: Before he could do that he had to resign from the directorate. But I am talking about party hacks, about politicians of the stripe of Mr. Dawson from British Columbia, Mr. Talbot, and men of that ilk; I am talking about gentlemen who, everybody knows, had absolutely no qualification whatever, except a political qualification, for appointment on that board. I regret being drawn into this discussion by my right hon. friend, but it is a thing which, once started, can be gone into with considerable detail, if the House wants details; but I think it is a mistake; I wonder if we cannot get away from party politics for a few minutes; I wonder if this system is not big enough for us to try to look at it on its merits. I think it is. The only solution so far offered by the government has been to get rid of the old board, men who certainly were not machine politicians, and to substitute for them another board that certainly cannot be looked upon in quite the same light. I have paused to see if I could not carry my right hon. friend a little apart from politics in the hope of trying to get something done in a constructive way in connection with this railway system.

Now, I take it that every one of my hon. friends, looking at this matter fairly, will not think it a desirable policy for the sort of charges which my right hon. friend made throughout the whole session while he was in opposition to be continued and the National system made a football of politics. That is not to be desired. Nor, on the other hand, is it to be desired that the country shall be met with a plain refusal, apart from matters of principle and the like, to do this or to do that. My hon. friend must see that he is not solving the question by appointing a board in which he has peculiar confidence, because he is always going to be where he is at present. The Canadian National Railways are going to be very much longer lived than my hon. friend's premiership; they are going to continue. Does my hon. friend think that if this doctrine is to be followed, namely, the appointment of a new board by the incoming premier—and that is all-sufficient—there is any hope for the success of the system? When in the ordinary course of events my hon. friend goes out of office, does he think it would be a good thing for the incoming premier to do just what he did—throw out practically everybody who knows anything about railroading and take chances with a new board? Does he think it is possible to take that course and make the system a success? Why, it would kill any private company. Only a company with treasury backing could survive such treatment. Surely my hon. friend will agree with me that that is not a good thing? Surely he will agree with me that we ought to get at some basis which will make for stability and security in the administration of the National Railways?

As I was saying in connection with the original report, my view was that the trustees to be there appointed ought to have the security of office of judges. I still think they ought to have that security of tenure. And the trustees so appointed should be gentlemen possessing a peculiar knowledge of railway administration and eminently fitted for the work. I went further in that report, and with a view of cutting out political interference I recommended that the board should be a self-perpetuating board. To-day all that has been ignored by the government.

Mr. CAHILL: Was that plan adopted by the late government?

Sir HENRY DRAYTON: I pointed out that I did not make very much distinction in wording between "trustee" on the one hand and "director" on the other. After all, it is the man you have under the hat that counts. They were pretty good men on the old board.

Now, Mr. Speaker, I still think that something can be done, and I beg to move the following amendment, a copy of which I have supplied to my hon. friend:

That all the words after "that" be struck out and the followng inserted in lieu thereof:

"A select standing committee on National Railways and shipping is hereby appointed to consider the estimates for the Canadian National Railway system and the mercantile marine, and all questions involving new capital commitments and the disposition of properties and assets,—

Suppose we stop there for a minute. Does anyone think that our present enormous capital commitments ought to be increased without a vote of parliament? Ought we not to know about them? That is one thing. The next is this: The directors have the property only to administer; they have not the property to sell. But it is not so long ago—it was during this session—that the Minister of Railways told the House—yes, a return was brought down—that the directors to-day could sell the property, could get rid of the property which they had in their hands. Does anyone think that would be the right thing to do?

Mr. GRAHAM: That is, just like any other railway company.

Sir HENRY DRAYTON: There are distinctions there again in connection with railway companies. I think the answer my hon. friend gave was rather broad. It is perfectly true that the directors may sell odds and ends, things that are no longer of use. But my hon. friend went further; he seemed to think they could sell shares in the system. There are a whole lot of companies included in the National; these sub-companies are looked after directly by these gentlemen. The whole stock of the National itself is in our hands, and they could get rid of the properties of these subsidiary companies. There should not be any dispute on either of these two items. Certainly they give effect to what the Minister of Railways himself said in this House, that that power of sale ought to be taken away. The resolution continues:

—and that as well to said committee be referred during each session the annual report of the said system and mercantile marine for such inquiry as may be exercised by and with such powers of inquiry as are possessed by, the select standing committee on Public Accounts with relation to the Auditor Generals' report.

[Sir Henry Drayton.]

Now, that is in connection with wound-up business, the business of a past year. The country will be able to see that its representatives carry out their statutory duties; that is all it means. It does not mean that any matter of current business can be gone into, and it ought not to be gone into. None of these powers should be used for the purpose of hampering the system; rather they should be used to aid and counsel it. Had there been a check like this there would have been no Scribe hotel transaction,, and is there any well wisher of the National Railways who is not sorry he ever heard the name "Scribe hotel"? So this provision is merely for the purpose of protecting, for the purpose of helping. Then:

And further, that said committee be entrusted to make recommendations to this House as to what further, if any, details or improvement of method should appear in said annual reports.

Is that necessary? Is it a good thing to have something definite? As I said at the outset, a thing of supreme importance is that there shall be no mystery about the results of public business, there should be no room for argument as to what the real income of the system is. A repetition of the spectacle to which I have already referred, that of two intelligent gentlemen representing two important papers disagreeing, would be impossible. Can we not do something useful in that way? Would it not be a first-rate thing for Sir Henry Thornton himself if everything was put so clearly that there would be no necessity for explanation, no necessity for radio talks and the like, no necessity for that kind of argument, because everybody would know exactly what the result of his work was? Personally, Mr. Speaker, I think that under that amendment no harm could be done. But, so anxious am I that all possibility of harm be removed that I add the following proviso:

Provided, however, that the whole of such powers shall be so limited that no matter of operation the inquiry into which would in the opinion of the management be prejudicial to the system shall, if the reasons for such opinion are deemed sufficient by the committee, be made a subject of inquiry; and that rule 10 be amended accordingly.

Let us pause and see how effectively the system is protected under that provision. The government always have a majority of the members in committee. In fact, it is about the only place the government ever have a majority.

Mr. GRAHAM: The divisions do not show that.

Sir HENRY DRAYTON: I am not looking at my friends to the left, Mr. Speaker; I am referring to the government—hon. gentlemen to your right; I will put it that way, I do not want to mix them up with the gentlemen who ought to be to your right. The government name the committees and they always have a majority there, and I say it is the only place they ever have a majority. Now, the hand of the committee is immediately stopped under that proviso if the management come forward and say: "Do not look into that; it is going to hurt us for such and such a reason." If the majority of members of the committee who support, or ought to be supporting, their administration agree with that view, there is an end to it.

I am not saying for one minute, Mr. Speaker, that this amendment does everything I would like to do; it does not. I would like to see it carried so much further that we could ensure real co-operation between the parties in connection with this big enterprise. That is what I would like to see; that is what I looked forward to in connection with my report. I would like to see a complete change made in this respect; I would like to see, as a result of a conference between all the parties, the selection of non-partisan directors who would have the confidence not only of people of one particular shade or religious stripe, but of the country as a whole. We thought we had them on the old board. Well, I still think it is the right idea. Perhaps we could try again. Certainly, the country's interest is such that no stone ought to be left unturned, on the one hand to secure the maximun of protection to the Canadian ratepayer, and on the other hand to preserve to the management that full and free power of control and operation so necessary to the success of the system. If we ever had anything which justifies a most honest effort on our part, Mr. Speaker, to try and do something for the biggest question that confronts the country, we have it now. I would like my hon. friends to think over what the issue really is, and tell us frankly on what ground they do not adopt any of these principles I am now advancing, and tell us frankly what principles ought to be adopted so that we can try some time at any rate to get our feet on ground that will be solid and understood in connection with this great undertaking. It is idle to say that the matter is settled, it is not; and it never can be settled by simply substituting the political friends of any party for the outgoing set of directors. I do not care what the party may be, it cannot be done that way.

There is another reason why this committee ought to be appointed. I now refer to the Scribe hotel. I have had the opportunity of going through the file in connection with that. It is a very meagre file, Mr. Speaker, for so large a subject. It is perfectly wonderful how much intricate business can be carried in the heads of some gentlemen—perfectly marvellous, for this business is very intricate. I am going to give just a short review of the Scribe hotel transaction, showing how from time to time matters come up that not only justify but absolutely require the appointment of the committee I am now moving.

The first is a letter from Sir Henry Thornton to Mr. Roy, who is the representative of the government in Paris, in which he says:

> I am anxious to provide the Canadian National Railways with adequate office accommodation and a proper representation in Paris, apart from purely traffic matters. We are already well represented there from that point of view.

I would pause there, Mr. Speaker, to point out that one would have thought that the assets and the moneys of the Canadian National Railways ought not to be charged with anything except railway traffic matters. That was the justification which was urged by my hon. friend the minister when this subject came up on the 7th of June last year. However, the whole of this starts in a letter from the president which contains the paragraph I have just read.

Next, passing over an unimportant cable just acknowledging the letter and saying that Mr. Roy is writing, for the first time, in Mr. Roy's letter, we hear about Mr. Aronovici. In the first instance, Mr. Roy recommends the premises occupied by the Grande Cafe with the Jockey Club, and the Hotel Scribe, as a splendid place for headquarters. Then he goes on, and it seems to be quite clear whom he got his information from:

> Mr. Aronovici tells me that you have asked him to take charge of your office in Paris. I know that he is a man of large experience and unbounded activity.

That is Mr. Roy's letter of March 9, 1923. He tells us in that letter that the whole of that building was announced for sale, and so on. The next I can find is a cable from Sir Henry Thornton to Mr. Roy in which he says:

> Thanks for your letter. Will proceed in accordance with your views.
>
> THORNTON.

That is March 25. Nothing happens, and then on April 9 we have another cable from Sir Henry Thornton to Mr. Phillips;—his agent in London, England, as I recollect it; I do

not know his initials; the cable only gives the surname. Sir Henry Thornton asks him to repeat to Mr. Roy in confidential cipher the following. Then he goes on to set out about this property: Purchase price, 30,000,000 francs; government tax of 3,600,000 francs; additional amount of 3,600,000 francs; total 37,200,000 francs; and 3,500,000 francs to adapt offices. He goes on:

Please say first whether you endorse proposition in principle, second whether you consider purchase price reasonable as I have no personal knowledge of Parisian property values. It will be necessary to move fairly quickly, as there is an option on property expiring April 20th.

Hon. gentlemen will be interested to know who the fortunate owner of that option was. It was Aronovici, the only gentleman, apparently, whose advice was taken as to the whole of this large transaction.

Here is an appeal from Sir Henry Thornton from Montreal to Mr. Phillips in London, to be passed on to Mr. Roy in Paris, so that Sir Henry Thornton, who knows nothing whatever about Parisian values, and is apparently in the hands of Aronovici, may find out what he ought to do. Well, Mr. Roy is fairly canny. He loves that building all right; he wants to get a first-rate site for his offices, bue he does not venture an opinion upon Parisian real estate values. He is a very wise gentleman. He cables on April 12, 1923:

Re Scribe property. Would be ideal one for our work. Would recommend it strongly if it could be bought on reasonable conditions.

He gives no advice to Sir Henry Thornton as to Parisian real estate values. By his own cable, Sir Henry himself knows nothing whatever about that, and he is left with Mr. Aronovici, and Mr. Aronovici apparently thought it was important enough to get to Montreal about. This holder of the option gets over to Montreal, has his talk apparently with Sir Henry Thornton, and then goes back to Paris. The next thing we know is that there is a cable from Sir Henry Thornton to Mr. Aronovici who had got home again:

Bank sending money to Morgan's with instructions to pay to you on receipt of deed to you and mortgage to us satisfactory to Phillips, London, who will come to see you. Bank will also require a demand note from you for whole amount as evidence of their advance which note this company guarantees you against.

Now, I pause to point out that there is nothing whatever on the file to show the value of this property in the slightest degree, or to show that Sir Henry Thornton ever got any information apart from Mr. Aronovici. I am not saying that he did not get it, I do not know, but it is extraordinary how much business some people can carry in their heads all the time. One would have thought

that if the slightest effort had been made to ascertain the real value of that property—apart from Mr. Aronovici, the owner of the option, the man making the deal, the man who was getting the profits—we would see some evidence of it on the file. Some time ago when I asked the question whether it was true or not that this property had been offered to the Canadian Pacific for $1,400,000, and refused by that company, the government's answer was that they "had not paid any attention to the rumour." I venture to say the government should have made inquiry if they were alive to their duty, in connection with this matter which is surrounded by suspicious circumstances everywhere as I shall point out. At any rate the minister did send his representative across to try and save something out of the mess. Did he not send over his deputy minister to try and make some deal with Aronovici and get the property out of his name? I venture to say the government did make inquiries about the statement that this property had been offered to the Canadian Pacific for $1,400,000.

Mr. GRAHAM: I never heard of it.

Sir HENRY DRAYTON: All I can say is that it was in the Montreal newspapers. The statement was made more than once without contradiction, and we want to have the opportunity of bringing someone from that railway before the committee and find out what the truth is. Because we are paying a vast amount more than that $1,400,000. Further, Mr. Speaker, the press of Paris has not been quiet about this matter. It was not the real owner of the property that was interested in the price got out of that option if the press of Paris are correct. If they are right there were some fifty-one shares, and I do not know how the option was fixed having regard to the number of shares. It may have been one hundred parts, it may have been more—I would have expected there would have been one hundred parts—but those fifty-one shares never got back to the persons that really owned the property. Well, here we have it. No advice to Sir Henry Thornton as to what that property is worth. The next thing we have on file is a cable from Sir Henry to Mr. Phillips:

Go to Paris immediately and see my letter of April 30 in hands of Arnold Aronovici of 2 Edouard VII street and get lawyer to approve title and deed to Aronovici and mortgage to this company. Matter to be closed Saturday.

There is another thing in connection with this matter that the House ought to inquire into. It is a serious thing to mislead the House. It is a serious thing to knowingly

make a misstatement to the House. Nevertheless the House was deceived last June. Misstatements were then made in parliament, and I want at the very inception to say that these misstatements were not the fault of the Minister of Railways. He was giving the facts as he was instructed. So far as I can see he was not responsible for the misstatement of the amount of the deposit; he was not responsible for the misstatement as to the syndicate. These are two material misstatements that he was not in any way responsible for. On the other hand he was fairly giving the House, according to his instructions, the fullest information that he had to give.

The next matter on the file that I wish to refer to is the letter of Sir Henry Thornton to Mr. Carson, the manager of the Bank of Toronto at Montreal. It is dated May 25, 1923, and reads as follows:

In connection with the advance made by your bank of 38,232,161 French francs—

Hon. gentlemen will remember this figure—

—($2,608,330) to Arnold Aronovici, for which his note has been issued payable on demand at 6 per cent, funds have been deposited by the Canadian National Railways in a special account in the Montreal branch of the Bank of Toronto in the sum of $2,608,330.

We have the word of a minister on the 7th of last June, and on another occasion, that every cent of the deposit was this two millions. We were not told the truth, we were not told the facts, but the minister simply gave them to us as he understood them.

Mr. GRAHAM: If I remember correctly I was asked the purchase price and gave the amount as approximately two millions. I had not the information concerning the additional amounts which went for taxes, transfers and the buying out of the rights of the tenants in this building. It must be remembered that in Europe a system of long term leases is in vogue, and when a property is purchased the leaseholders are asked to give their leaseholds, and they have to be paid large amounts as a consequence. This represents the extra amount over the $2,000,000. It was a little under two millions if I remember correctly, and did not include these last items which I have mentioned.

Sir HENRY DRAYTON: The minister is wrong. What I am referring to is the information he gave as to how this deal was financed. The fact is, we were told there was a deposit of $2,000,000. That is how it was done. It was an awful job getting it and we were all evening at it, but there was $2,000,000 deposited in that bank—that was the information the House got, and there is the letter. There is no use talking about tenants' rights and all the rest of it, there was the deposit and the minister's statement, and there is the fact. This is how this deal is financed. This money is not to be withdrawn from the Bank of Toronto till the note and interest thereon is paid. This says:

You are authorized at any time to call for the payment of the said advance with interest after giving the General Treasurer of the Canadian National Railways five days' notice of your purpose so to do, and if the principal of the said note is defaulted you are empowered to apply the deposit to the liquidation of the defaulted principal.

Hon. gentlemen will note that; that money could be taken for the purpose of that note.

Any failure to pay the interest on the note is to be brought to our attention, but no part of the deposit is to be used for the discharge of this indebtedness.

There was just enough for the principal, but not enough for the interest. I pass on to the first information, as far as I can find, that the hon. minister ever got. I think his first information is contained in a letter dated May 31. Really, after all, what I am doing is showing very largely that he is not well treated in this letter in connection with this matter. I think that was his first information. I do not believe he was a party to this thing at all. I do not propose to read the whole letter. This letter is addressed from Sir Henry Thornton to the hon. minister, and reads in part:

Early in this month an opportunity developed to secure a property at the corner of Rue Scribe and Boulevard des Capucines, close to the Place de l'Opera, and in the centre of the banking and transportation district; briefly, it may be said that this location is in the very heart of the city.

I want to point out what a mistake it is to do business in that irregular way, without proper files, or if you have a file never to refer to it. Here on the 31st of May Sir Henry Thornton says:

An opportunity developed to secure a property—early in this month.

His own file shows he had it on the 9th of April. Why was the minister not taken into his confidence? Why was nothing said about it? Was Mr. Aronovici still here then? What was the trouble? But there is the excuse to the minister. He says:

Early in this month an opportunity developed to secure a property—

And I turn to the 9th April, and I find Sir Henry Thornton's own wire to Mr. Phillips of that date mentions the property and gives the price and asks Roy as to that. Well, there is just a month's delay. He says immediate action was necessary. Well it was not, with that month running on.

Immediate action was necessary as I had information from authentic sources that other interests were considering the property.

We would like to learn what the date of the Canadian Pacific refusal was.

Accordingly I immediately arranged that an agent should purchase the property, and employed the support of the Canadian National Railway system in arranging suitable temporary financial credit.

He says: "Suitable temporary financial credit". You might well underline all those words.

The deal was immediately consummated.

Well, it was not. It was not consummated immediately after the 9th April, when it came up. The money was only paid up on the 25th May, as shown by his own letter. Nevertheless he says to the minister that the deal was immediately consummated.

And simultaneously negotiations were entered into with a responsible syndicate,—

There is where my hon. friend got this present information, or misinformation, in regard to the syndicate.

—not connected with the Canadian National Railway system, for the purpose of taking over the property and with a view to our becoming tenants. These arrangements have now been completed—

And there never was a syndicate or anybody outside of Mr. Aronovici, so far as the file shows, and I think my hon. friend knows that there was nobody but Aronovici, and no syndicate.

—and the syndicate has agreed to take over the property subject to certain details.

This is not the whole of the letter but simply portions. The letter continues:

I regard it as fortunate that the Canadian National Railway system has been able to secure such advantageous quarters at a reasonable rental without capital expenditure.

I do not know that I should go through the tortuous twistings of everything that they have tried to do in connection with this matter. The minister found such a mess that he had to send his deputy over. There is no dispute about these facts. I am reading from this very incomplete file. Something is said every here and there which lets the thing out. Take for example the order in council, which says:

A property on the corner of the Rue Scribe and Boulevard des Capucines was proposed to the Canadian National Railway Company by Mr. Arnold Aronovici of Paris, who held an option over such property.

Is there any dispute as to who was making the money, and as to who had got the option, when the government's own order in council shows it was Mr. Aronovici?

Mr. GRAHAM: That is subsequent, is it?

Sir HENRY DRAYTON: Yes my hon. friend is quite right. This is a summation of what Mr Graham Bell, the deputy, was able to find out and do. This appears in his report.

[Sir Henry Drayton.]

He had to be sent over twice, if not three times. It is hard to gather everything from this skimpy file, but my hon. friend knows the facts very well. Why, he made a settlement with Mr. Aronovici. He made a settlement with Mr. Aronovici in October, 1923—it does not seem to be complete yet. It has to be borne in mind that the Canadian National thought so much of Mr. Aronovici that, so far as the files show, not only did they buy from him the property he held under option without knowing anything about it, and without any advice as to what it was worth, but they left it in his name subject to a mortgage; and then of course found out apparently that he was not a man of the kind they could safely leave their property with, and they took it from him. They had to pay a great big sum of money in taxes when they took it from him, as the return shows. But a settlement was made with him about the time they took the property over, and this is about as much as I could get out of it. By the settlement of October, 1922, Mr. Aronovici receives, in order to liberate himself from all contracts he may have made up to the present time with any parties whatsoever with regard to the Palais Canadien, the sum of 650,000 francs.

For architectural work, plans, estimates and expenses—to be justified—in view of transforming the basements, ground floor, and first floor of the "Palais Canadien," 169,000 francs.

Article 3—The sum of 700,000 francs will be held at the disposal of Mr. Aronovici at the bank.

This makes a total of 39,751,161.75 francs To this must be added the claims of the Société du Jockey Club, and of the Société Francaise la Rente Foncière.

And then we have all sorts of companies which I shall not weary the House by referring to. It seems to me that my hon. friend in the long run will simply have to submit a vote for the purpose of clearing up the whole mess. I do not believe he will be able to finance the thing; if he undertakes to do so he will only do it at a ruinous rate, and I should not be at all surprised to find something in the estimates to cover these expenditures.

Mr. GRAHAM: There is nothing hidden or tucked away in the estimates; there is a conspicuous item covering the matter.

Sir HENRY DRAYTON: How much?

Mr. GRAHAM: Three millions, if I remember correctly. The item, I say, is in the estimates, and that is the only proper way of dealing with the situation.

Sir HENRY DRAYTON: That is quite right; and it is the conclusion I have come to myself. Attempts are made to bring in this and the other company; we are to have a French company, the Canadian Realty Company, the British Prudential Assurance Company, and the government guarantees all these concerns. My hon. friend is right in scrapping the whole mess; and none of these undertakings should be made the subject of order in council.

Mr. GRAHAM: The order in council should have been rescinded, and I may observe that as a matter of fact we are not carrying on any operations by that method.

Sir HENRY DRAYTON: I was about to point out that this should have been done before the estimates were submitted. But if the minister could abrogate the purchase it would be a good thing for the Canadian people. Is there no way by which that can be done? Have any inquiries been made regarding the solvency of Mr. Aronovici, and what possibility of success there would be in the event of action being brought against him? In short, has anything been done with a view to endeavouring to get our money back? That is the thing the purchase that ought to be rescinded. Now, Mr. Speaker, it is not necessary that I should go further in pointing out the absolute urgency of a committee to investigate this matter. This is an example of the things that must occur from time to time. I hope we shall never experience anything as bad again, but we must be on guard against its recurrence; and there should be some committee such as I propose to deal with matters of this kind. How much better it would have been for my hon. friend if there had been such a committee to which the House could have had recourse; for we could have obviated the inconvenience and annoyance that were caused last session when hon. members tried to get information which was not available. How much better it would have been had there been no necessity to crowd the order paper with questions, ever since parliament convened, in an endeavour to obtain the full facts regarding the Scribe hotel, which information we have not yet completely received, and to which parliament is entitled. How much better, I say, it would have been if there had been a committee to which the whole matter could have been referred. I think my hon. friend admitted in his speech that he would offer no objection to the question of the Scribe hotel being submitted to a committee. I may have misunderstood him, although I think he made that statement. But if he did not, at any rate I do not think he will now oppose the motion I am making. Without detaining the House further, Mr. Speaker, I move the motion which I have already read:

That a select standing committee on National Railways and Shipping is hereby appointed, to consider the estimates for the Canadian National Railway system and the Mercantile Marine, and all questions involving new capital commitments and the disposition of properties and assets, and that as well to said committee be referred during each session the annual reports of the said system and Mercantile Marine for such inquiry as may be exercised by, and with such powers of inquiry as are possessed by, the select standing committee on Public Accounts with relation to the Auditor General's report; and further, that said committee be entrusted to make recommendations to this House as to what further, if any, details or improvement of method should appear in said annual reports; provided, however, the whole of such powers shall be so limited that no matter of operation the inquiry into which would in the opinion of the management be prejudicial to the system shall, if the reasons for such opinion are deemed sufficient by the committee, be made a subject of inquiry; and that rule No. 10 be amended accordingly.

Mr. ROBERT FORKE (Brandon): Every one was interested in the report submitted by the Minister of Railways (Mr. Graham) the other day. We have now a vast system of railways, the property of the Canadian people, which is capable of rendering great and important service to the country. Transportation and the Canadian National Railways together constitute what one may call one of the major problems that are now before the people of Canada. Every one recognizes the tremendous importance of transportation in this country, a country covering half a continent, a country of vast distances, a country of great agricultural and other communities situated perhaps almost in the centre of the continent. These facts indicate quite clearly the transcending importance of transportation to the prosperity of the Canadian people. We have a small population and without doubt our burden in connection with the National Railways is a heavy one to-day. We have 22,000 miles of steam-operated railways stretching from sea to sea, and there are naturally many things in connection with that great extent of railway that appeal to the popular imagination. The Canadian National Railway system is a vast experiment; it is something new in the history of the nations that a country with a population of less than 9,000,000 should have come into possession of a system of railways so widespread as the Canadian National Railways. I say, these railways are an experiment; but they are an experiment which the people of Canada are determined shall not fail. What

is the alternative? What faces us to-day? Shall that experiment prove a failure? I can hardly imagine what the situation would be if our Canadian National Railways should turn out to be a decided failure. Those who oppose public ownership of the railways surely have in mind some scheme which they could bring forward in the event of the Canadian National Railways not being successful. But for my part I cannot conceive of any private plan whereby this great national corporation could be successfully operated. What were the circumstances in which we found ourselves with respect to these railways? We did not wish public ownership upon ourselves; national ownership came as the result of the failure of private control. Now we cannot allow failure in the management of this system, and I am one of those who believe that the day is not far distant when we shall find the Canadian National Railways no longer a liability but a valuable asset.

With regard to the report submitted by the Minister of Railways, there seems to be some difference of opinion as to just what is the exact financial situation for the past year. I have prepared a summary of the statement, which I did not intend to place upon Hansard, but it seems to me to show quite clearly the financial result of the past year's operation. We were told that the gross revenue was $263,554,436, and the operating expenses were given at $242,366,973. This left a net revenue of $21,187,463. These figures represent all the lines operated by the Canadian National board. Against this net revenue we have charges for rent, taxes, and so forth, amounting to $7,822,585, leaving a net revenue of $13,364,875. The fixed charges were $66,144,226. If we subtract the net operating profits of $13,364,875, we have still a deficit of $52,779,351. Now, the deficit for 1922 was $58,691,911. So the betterment this year is $5,922,560, or in round figures, $6,000,000. That is the position, as far as I understand it, disclosed by the statement made by the Minister of Railways in his annual report of the system. We are not over the hill; a considerable difficulty still remains in front of us. A deficit of $52,000,000 is a large amount of money, but there is this encouragement that we are moving in the right direction, that each year the net operating profit is becoming larger, and we hope that in the not far distant future improvements will come so rapidly that we shall have a balanced budget meeting all the fixed charges.

I want to say a word or two here in connection with the Canadian Pacific Railway. There seems to be an impression in the minds of some people that there must necessarily be a spirit of antagonism towards the Canadian Pacific when we look so anxiously for the success of the Canadian National Railways. Now, Mr. Speaker, I should like to register a protest, as far as I am concerned, of harbouring any feeling of hostility towards the Canadian Pacific Railway. That railway is a great national institution, owned and operated by a private corporation, it is true; nevertheless it is, I repeat, a great national institution. And I want to be fair: Although Canada has done a good deal for the Canadian Pacific in the way of large land and other grants, still the Canadian Pacific has done something for Canada in return, and all of us I believe are proud of its achievements. Therefore I state emphatically that whatever I have to say in favour of the Canadian National Railways is prompted by no spirit of hostility towards the Canadian Pacific Railway. It would be a national calamity were the Canadian Pacific Railway to become a failure, just as it would be a national calamity should the Canadian National Railways not become prosperous in the not very far distant future. There is room in this vast country for these two magnificent railway systems. To me it is an ideal situation that we should have the public owning one great railway and a private corporation owning the other. There ought to be a healthy rivalry between these two great organizations, a rivalry which will be to their benefit and to the benefit of the country.

I think everyone will recognize the fact that during the last year or two there has been a vast improvement in the operation of the Canadian National Railways. Everyone will admit that to-day the service is much improved in every way. I do not think I can pay a better compliment to the publicly-owned railway than to say that I think the service is fully equal to that on the Canadian Pacific Railway; indeed I think that is a compliment to both railways. Service, it seems to me, has been the motto of the president of the Canadian National Railways and of his officers and employees. I am confident that everyone who has travelled on the Canadian National system during the last year or two will agree with me that the service is of the best. Even in the carriage of freight, good service has been rendered. I am not going to discuss freight rates at the present time; that is a question which can be discussed from a different angle. Last year the prairies raised the largest crop in their history, and I think that never before was such a crop handled more efficiently or with less friction. So far as I

know there have been no serious complaints of shortage of cars and lack of transportation facilities with regard to the movement of that immense crop.

Mr. MEIGHEN: Will the speaker say that the service of 1921 was not the same as that of last year?—1921 was the first crop year the system had adequate facilities for handling the crop.

Mr. FORKE: I am not inclined to make any very definite statement in that regard. The crop in 1921 was not as large anyway, and consequently the demand upon transportation facilities was not as severe as during last year.

Mr. MEIGHEN: The service was good.

Mr. FORKE: It might have been—I am not finding any fault with the past management. But still I think any one without prejudice will admit that the service on the Canadian National Railways has improved tremendously during the last two years. Dealing with passenger traffic, I am sure there is no comparison to-day with what it was in 1921.

Mr. MEIGHEN: Passenger traffic?

Mr. FORKE: Yes. There is no comparison between the service rendered to-day on the Canadian National Railways and that of two years ago. It is not so many years ago that I had to wake up the conductor to let me off at a flag station. No such thing happens to-day?

Mr. MEIGHEN: How long ago?

Mr. FORKE: Perhaps two or three years ago. I can assure my hon. friend that in going from Brandon to Scarth I had to shake the man by the shoulder and tell him to stop the train in order to let me get off. I do not think you could get worse service than that on any railway.

Mr. GRAHAM: That was not in 1923, though.

Mr. FORKE: No, it was further back than that. It might have been the old Canadian Northern, but the facts are exactly as I have stated them. It was in the early morning, before daylight. All hands seemed to be asleep, and there was no chance of getting off at the flag station unless you wakened some one up. That sort of thing does not occur to-day. I am not making any complaint against the old board of management, but I think every one will recognize that the service is improved. The carriages are clean; the trains are running pretty well on time; the dining and sleeping car services are good. In fact, I do not know that any complaint can be offered in regard to the service now being rendered.

It seemed to me that the annual report was a frank statement of affairs and that it gave us a very good idea of what the financial condition of the railway is. I am not speaking from the point of view of a comparison of the present board with the previous board. The present board has been in office only a little over a year and a half and I would not claim that all the improvements that have taken place can be credited to them. Perhaps the board that went out did their part; perhaps they were doing the best they could to make the operations successful. But so far as I can see the people have reason to be proud of the present management and of the way the system is being operated. So far as the property is concerned, the ordinary layman is not in a position to criticise or to say whether or not it has been kept up to the highest mark—that is, in the way of engines, cars and all the equipment necessary to carry on a railway. But when we find good service, when we find the trains running on time, when we find all the requirements of the public being met, it is pretty good evidence that the property is being kept up in a fairly efficient manner. So far as the maintenance of the road is concerned, one can get a pretty good idea of what the road-bed is like by travelling over the railway from the prairie provinces to Ottawa. I am perfectly certain that that road-bed is in pretty good shape, judging from the smoothness with which the cars run over the rails. It is true, however, that a layman in criticising these matters is pretty much at sea and cannot speak with any definiteness.

As I have already said, we have a vast system of railways, comprising 22,000 miles and employing 100,000 persons; we have a telegraph system comprising 100,000 miles of wires; we have an express company reaching all over Canada; we have 60 vessels carrying the Canadian flag. Does any hon. member believe it is humanly possible that that vast system can be operated without some mistakes being made? It is perfectly evident that there will be mistakes, and those mistakes can be magnified and used in such a way as to be detrimental to the prosperity and the advancement of the railway. I do not think there should be any carping criticism in connection with the management. It is quite possible that if you begin to particularize or investigate very closely, in connection with a

system covering such a vast extent of territory, you can make a very good case in favour of a claim of mismanagement. But we have to judge the thing by and large; we have to judge by the results in the main, and I am sure we have good reason to be satisfied that things are being carried on very well. We can come to that conclusion when we see the improvement from the financial side and when we see the service that is being rendered in the matter of both freight and passenger traffic.

I noticed an article in the Montreal Star the other day with the heading "Two Speeches Against Government Ownership," referring to speeches made by the Minister of Railways and by the right hon. leader of the opposition (Mr. Meighen). Well, you can draw almost any inference you like when you make up your mind to take a certain meaning from what an hon. member may say in the House. I am not prepared to agree with the Montreal Star that either the Minister of Railways or the leader of the opposition made a speech that was against national ownership of the railways. I would like to appeal to the right hon. leader of the opposition, who I think, is quite in earnest when he says he is in favour of government ownership, that he use his best endeavours to see that the railways have a fair opportunity, that the management has a fair chance, and that at no time it may be said that any one in this House did anything that was not in the interests of all the people. It is absolutely necessary that these railways should prosper if Canada is to advance, as we hope it will, in the not far distant future.

Now, I want to speak very carefully. I listened attentively to the speech of the ex-Minister of Finance (Sir Henry Drayton). With some of the remarks he made I am entirely in agreement. I have not yet had an opportunity to look carefully over the amendment he moved, but I agree with some of the ideas he expressed. Parliament cannot abdicate its authority or its responsibility in connection with these railways. The country has to make up the deficit of $50,000,000. Parliament is responsible to the people for the management of the railway, consequently I am not prepared to say that you can hand the whole thing over to a president and board of managers and say, "We are through with it; our responsibility is ended." The people of Canada will expect parliament to do its duty in this matter and to see that the operation of the railways is carried on efficiently. The people are the shareholders; they own the railway, and the elected members of this House are their representatives. How are we going to improve the existing conditions? We have not yet solved the whole problem. The question we must face is, how shall the management be freed from galling and irritating interference by undue exposure of details of operation, and parliament still retain its authority? The House will understand what I mean when I ask the question: How shall we keep the National Railways out of partisan politics? That is the question we have before us to-day, and it is a question the country expects us to solve. The question is a difficult one. I do not wish to reflect upon any party in the House when I ask that question.

Some remarks have been made in connection with what occurred in 1920. I do not think we can compare conditions in 1920 with those that exist to-day. There was some trouble about management at that time; there had been no real consolidation of the different lines comprising what is now the Canadian National system. The old Canadian Northern was still on the boards to some extent, and the management of that day had not the opportunity, perhaps, of doing what can be done to-day with a consolidated system of railways and a board of management in complete control. I have read over the debates of 1921 and I think perhaps the then leader of the opposition, the present Prime Minister (Mr. Mackenzie King) made some remark at that time which he might well have left unsaid.

Words sometimes rise up as silent witnesses against us in the days to come, and consequently it behooves us at all times to be very careful what statements we make, more especially, I think, in the House of Commons, where our words are taken down and are always ready to bear silent witness to what our sentiments were in days gone by. However, I am not going to enter into that at the present time. I think that an attempt was made then to get information and particulars that it might not have been in the very best interests of the railway to give to the House at that time. I am not perfectly sure, Mr. Speaker, that political considerations did not enter into some of the work of this government at its inception, when it created the board of directors for the Canadian National Railways. I am not making any charge, but I would not exactly put it past the government that they might do such a thing under certain circumstances. However, I believe that the appointment of Sir Henry Thornton and of the two Ministers of Railways who have been in charge under this government have saved the situation. I think every one of us who remembers the late Minister of Railways knows, that he was an upright and

able man, and that he gave the railways every chance that it was possible to give them. I would like also to pay this tribute to the present Minister of Railways: I think he is absolutely doing his best to see that the railways are a success, and that the board of management is allowed to carry on under the very best of conditions. But I would like to ask him, what of the future? I am not very sure whether the amendment that has been moved in the House this afternoon will solve the problem or not. I am going to quote a few words that Sir George Foster used in 1921:

> Members of parliament of both sides should get together and try and find a solution for the situation lying immediately in front of us. Let bygones be bygones for the time being, and let us approach at least this one question with a desire to get at the roots of the question, better still to find some sensible method of solving the problem.

We should get together. The ex-Minister of Finance (Sir Henry Drayton) has gone out of the House, but I would like to make this proposition to him, that one member representing this party in the House, one member representing his party, and another member representing the government, should get together and try to draw up this amendment so that it will be possible for all parties in the House to subscribe to it. That is what I call getting together, and that is not playing politics either. A committee of parliament, with the same powers as a committee of this House in connection with public accounts, it seems to me, might go just a little too far. On the other hand, a standing committee of the House, or a committee of the House, appointed to sit in consultation with the president and the board of the Canadian National Railways and discuss the whole problem, and advise and consult, I think may be the very best thing we could possibly have—something of that kind. I do believe, Mr. Speaker, that a committee that would be of an inquisitorial character, that would summon witnesses and put the president and members of the board on oath and take evidence, would not be in the interests of the country or of the Canadian National Railways. Consequently, while I am in favour of parliament taking its responsibility and trying to solve this problem, of retaining to some extent its control of Canadian National affairs, and of being in a position to get information upon which it can form an intelligent opinion as to how the business of the railways is being carried on, I want to be very careful to see just what sort of a committee that may be. So I am not prepared at the present time to state without reservation that I would be in favour of appointing a select committee to go into all matters of detail in connection with the management of the railway.

This is the position we find ourselves in at the present time. I repeat, I do not believe we have solved the problem when we simply say: We will appoint a board of directors, and hand over the management of the railways to them, leaving them entirely in their charge; because parliament must have control, must be responsible, and must in some way come in contact with that board. On the other hand, I am not prepared to see a committee appointed with full powers to call up the members of the board and investigate, and sit as a court of inquiry. I can see perfectly well how such a committee could work great damage by bringing to light and exposing a great many things that had better be left out of sight. I would like to have been able to suggest something helpful. Possibly a body of men or a committee could be found that would have an entirely different aspect from just a straight committee of the House. I make this suggestion quite respectfully. I know very well that I am not solving the question, but I realize the difficulties, and I want to go at this thing very carefully, because I do believe that some such remedy may be found. I noticed an article in the Manitoba Free Press the other day, in which it made plain the difficulties, but it ended up very lamely by stating that it was up to parliament to find some solution of the problem. I do not know, Mr. Speaker, if I am doing any better. I am only stating the difficulties of the situation. But I am not sure that the ex-Minister of Finance, either, has solved the situation. I want time.

Mr. MEIGHEN: I really would like to know what the hon. member's suggestion is. He refers to a suggestion of a committee. Does he mean a committee of the House, and if so, with what powers?

Mr. FORKE: Well, the amendment calls for a committee of the House. It will be a standing committee, exactly the same as the standing committee on public accounts, as I understand it. It seems to me a committee of that sort would have too much power.

Mr. MEIGHEN: What powers should it not have?

Mr. FORKE: Where could you stop it?

Mr. MEIGHEN: I would stop where the resolution does, but I am just asking the hon. member what powers it should not have, and what it should have, in his opinion, speaking broadly.

Mr. FORKE: Well, I think large capital expenditures and the broad questions of the management of the railway might be discussed. A committee that was acting in the way of consultation with the president of the road and the board of management, discussing the affairs of the road with a view to its betterment, with a regard for its welfare and the prosperity of the whole institution, would be a good thing, a thing we would all want; but if that committee sat down with a sole purpose of hunting out something that would be detrimental to the best interests of the road—and I am sorry we are all so constituted that such a thing is possible—such a committee would not be a good thing, and there is the difficult position in which I find myself. On the one hand it might be good, and on the other hand it might be bad. It seems to me there might be a possible way out of it.

Mr. MEIGHEN: I cannot understand where the hon. member stands. Does he mean the committee should only look into something it favours, and not look into something it disfavours?

Mr. FORKE: I think the leader of the opposition understands exactly what I mean.

Mr. CAHILL: The rest of us do.

Mr. MEIGHEN: I am sorry I do not. I do not think the hon. member for Brandon does himself.

Mr. FORKE: We will have to leave it at that for I am afraid we cannot get any nearer to it. If human nature was all it ought to be, and all members of this House were patriotic and everyone was doing his duty as he ought to do it, there would be no such trouble about such a committee.

Mr. MEIGHEN: We would not need a committee at all, then. If we were all perfect, the railway would be, too.

Mr. FORKE: Excuse me, I did not say "perfect"; there is no such thing as perfection in this world. I should not like to see any such committee hampered in any way by partisan control. If we had a committee of that kind to-day the majority would probably be in the hands of the government, they would have to have a majority there. Well, I am not prepared to give the government a majority on such a committee to proceed simply as they saw fit. I think, perhaps, an intermediary body can be organized to act between parliament and the management of the Canadian National Railways. I believe in the patriotism of hon. members. I do not for one moment believe that any party here would openly—and shall I say with malice aforethought?—do anything that would endanger the best interests of the Canadian National Railways. It seems to me that we know what our weaknesses are and we know what would happen in the event of action being taken along the lines proposed. I am not prepared—at this time anyway—to place power in the hands of any committee to go to any length it desires in investigating the affairs of the National system. This is a tremendous question and we should ponder carefully every step we take. What proposition did Sir George Foster have in his mind when he asked that the three parties in this House should get together and formulate some plan? He did not mean a standing committee, and he did not outline any simple plan which would be free from the difficulties of which I have spoken. However, it is possible that something may be done by mutual co-operation to help in the solution of this problem.

There is one matter in connection with the railways that I should like to mention—in fact it has been mentioned almost every time the Canadian National Railways have been spoken of—and that is the writing down of the capitalization of these railways. There is no doubt that vast sums of money have been spent on them, and spent not in the best ways, and it is equally true that the system is tremendously over-capitalized at the present time. It seems to me that it would be greatly to the advantage of all concerned if the capitalization was written down to something like the actual value of the railways at the present time. It would be an encouragement to the president of the system and to the board of management, it would also be something that the people at large would be proud of, if we were able to show, a surplus in operating revenue over expenses based on the actual value of the system. The people to-day are meeting large deficits. It is certain the deficit to-day is approximately fifty million, and the people have to make that good. Hence it would be to the advantage of all concerned if these railways were capitalized at something like their actual value.

I should also like to say a few words as to the character of the management. The esprit de corps of the railway employees, as I view it at the present time, is of the very best. I think Sir Henry Thornton ought to be congratulated upon the excellent management, and upon the spirit of good will and service which seems to prevail among all the employees of the National system. I think

every one must be struck with the courtesy, attention, and service one gets when travelling on the Canadian National Railways at the present time. This is equally true of the Canadian Pacific Railway. We get good service from our railroads but it must be remembered that we pay sweetly for it.

I shall not take up any time in dealing with the Scribe hotel. I am willing to leave in the hands of the government the issue which has been raised by the ex-Minister of Finance. It is a difficult question, one that I am not capable of discussing with any closeness of detail. It is possible that in the distant future it may turn out to be a very good investment, but it seems to me, from the information we have been able to obtain, that if the management had hastened a little more slowly in connection with the acquisition of this property it would have been better in the long run.

I do not think there is anything more to add. I am afraid I have not done very much towards solving the problem of getting into closer connection with the management of the Canadian National Railways but I would repeat this statement: It would be unfortunate if any committee of this House were to be made an inquisitional body with power to examine into all the details of the management of the railway system. At the same time I should like to see a committee that would be a sort of advisory council, a committee with whom the managers of the railway could discuss the affairs of the National system.

Mr. J. S. WOODSWORTH (Centre Winnipeg): There are a few observations I should like to make in regard to the statement of the Minister of Railways. I think it is hardly necessary to say that all sections of this House seem to be in favour of the principle of public ownership. But when it comes to our own National Railways system I always feel that we should keep clearly in mind that after all, to a considerable extent, the bondholders are the real owners of these railways. Holding the mortgages as they do they benefit more largely than the people generally have hitherto done.

Further, I think, we should not forget that whilst we advocate the principle of public ownership the effort must be to make public all the utilities and not a part of them. We must remember that side by side with our National lines we have the great rival system of the Canadian Pacific; and it is an open question whether or not operating our own National railways we can hope for success when there is another and rival system, both companies operating in a comparatively limited field. I never go from here to Winnipeg, or from here to Montreal or Toronto, without recognizing the absurdity of having two lines paralleling one another so closely, and both pretty much on a parity as to their physical equipment and their service, without recognizing that we are facing a very serious question and one that must ultimately be decided by the people of Canada. However, I know that it is of no use talking about adding more burdens at the present time. We must ultimately however devise some plan to relieve ourselves of the burdens which we have assumed under the existing wasteful system.

Further than that, I would emphasize that while labour stands up for public ownership it also stands very decidedly for democratic control. The Minister of Railways in closing his statement made an appeal for fair dealing for the Canadian National Railways. He asked that the same freedom should be guaranteed to the officials as is accorded to those of private corporations. This would rather take for granted that the system of private corporations is an ideal one, and that I could not admit. Private corporations are organized from the top down, they are autocratic in their form of management; and anyone who has given any attention whatever to great industrial problems must recognize very clearly that the present system is not one which lends itself to the expression of the very best there is in the employees. It is quite true that autocracy in industry may mean a certain measure of efficiency, that claim is often made; and yet without co-operative effort it surely is impossible to have the very highest degree of efficiency.

I should like to pay the tribute to Sir Henry Thornton that he has done much to improve the morale of the system. I have talked to many employees and I think they are honestly trying to do their very best under the circumstances to make the system efficient. They are proud of our Canadian National Railways. It appeals to an ideal that they have had for many years, and they hope that it is only in the process of a still further development. However, they are not altogether satisfied with existing arrangements. As you all know, the railway men's organizations on this continent have tried for some years to introduce a more democratic management into the conduct of the railroads. In the United States they have put forward the Plumb plan by which the management would represent the various interests that had to do with the railways, the officials, the employees on the road and in the shops, and the general public.

That plan has never been actually put into operation, and yet it represents an ideal towards which we are bound to strive. In Great Britain there was put forward a few years ago a plan somewhat similar, known as the Whitley plan. The present government a few years ago said a good deal with regard to the adoption of some such plan as that in Canada, and in fact we have the Labour department setting aside a certain estimate for the promotion of co-operative management between employer and employee. Why should we not begin that scheme in connection with our National Railways?

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. WOODSWORTH: When the House rose at six o'clock I was calling attention to the necessity of having not only public ownership but also, in order to ensure the success of that policy, some form of democracy in the management of our public institutions. I mentioned the Plumb plan which has been advocated by some railway men's organizations in the United States and also the scheme of Whitley councils which has been put forward in Great Britain. It is not my intention to-night to discuss these schemes or their merits but rather to urge the general principle that labour should be represented in industry, and more especially that this principle should be adopted in the public domain. In this I am advocating nothing new. I have in my hand a copy of a very well known document, Liberals and Labour issued in 1921. It was at that time resolved, and put forth as indicating the position of the Liberal party:

> That the introduction into the government of industry of principles of representation whereby labour and the community as well as capital may be represented in industrial control and their interests safeguarded and promoted in the shaping of industrial policies...

I take it that the idea behind this resolution distinctly was that even in private concerns labour should have its part in the control of industry. And if that was true of private concerns how much more important is it that the principle should be carried out in connection with our governmental institutions. I know it may be said that there is a labour man on the board of the Canadian National Railways. I have no objection to offer with regard to that particular individual; I would point out however that he is not the chosen representative of labour; he is not in a direct sense the representative of the railway employees, and the whole idea behind the Whitley councils and other schemes of this character is that the employees should have their own representatives chosen by themselves. This same principle applies not merely in the railway service but in the Civil Service as well; for I may point out that it has been very frankly recognized in the Malcolm report of the committee which sat last year to investigate the Civil Service. I quote:

> In the rapid growth of industry, great efficiency has developed, but those charged with the problems of organization and management have found that this could only be accomplished by securing the greatest co-operation of their employees. The war emphasized this essential factor. As a result there have been established in private enterprises many forms of industrial councils which give representation to the employee on questions affecting his welfare. The need in private enterprise for some plan of employee representation finds its counterpart in a similar demand from those engaged in the public service.
>
> Your committee has heard much valuable evidence on this subject; such plans as the Whitley councils have been presented as giving to the civil servant a voice in the settlement of problems affecting his welfare. Your committee, however, is unable, by reason of the diversity of evidence submitted, to recommend the acceptance of any definite plan now in existence as being adaptable to the conditions existing in this country under the present Civil Service Act.
>
> After reviewing the evidence and considering the problem from its various angles, your committee is impressed, however, with the necessity for the creation of some type of board on which the civil servant shall be represented so that the causes of complaint may be given fair consideration by those familiar with conditions in the service.
>
> Your committee therefore recommends that the Civil Service Commissioners be given power to establish without delay departmental personnel boards to be made up of an equal representation of the Civil Service Commission, the department, and departmental employees. These boards are to act in an advisory capacity in matters of classification, promotion, dismissal, salary revision, leave of absence, and other kindred problems affecting the welfare and efficiency of the departmental service.

There the principle is very frankly recognized by the committee. I do not know why the government has not yet adopted that recommendation. I would urge that the same principle ought to find a place in the railway administration. We heard from the report the other day that Sir Henry Thornton had arranged radio stations so that he might address the employees all over the system. I have not heard that any provision has been made for the establishment of a receiving station that he might hear what the employees have to say about the system. This might perhaps be considered as necessary as that he should speak to the employees.

The leader of the opposition in his criticism of the bookkeeping part of the report called attention to the fact that the freight

car repairs were less than in the previous year, that, however, there were heavy expenditures in new equipment, and that in this way charges of operation might possibly be cut, but on the other hand capital expenditure had been increased. This criticism I have had corroborated by some of those who are working very closely in connection with the repair operations on the railway. I would suggest—

Mr. GRAHAM: If I may interrupt my hon. friend? The management say that that suggestion is absolutely without foundation. I asked the management very closely on that point, hinted at by the right hon. gentleman, but not really stated as a fact. Another point raised by him was that the percentage of freight cars out of commission might be referred only to the percentage that had been reported for repairs. I am informed by the management that that too is altogether incorrect, that every two weeks an inventory of all the crippled rolling stock is taken, and that this percentage covers cars that are reported for repairs as well as those that are not so reported.

Mr. WOODSWORTH: I know nothing whatever in regard to the latter statement. With respect to the former, as I said, I have had statements from some of those very closely connected with the repair work, and I can merely pass on what they have said to me in this matter.

I was going to call attention to some of the social effects of the closing down of the Canadian National and of the Canadian Pacific shops for considerable periods. This has meant an immense amount of unemployment and also a decrease in the purchasing power of the men, which has helped to further aggravate the business depression which has taken place at least in some parts of the country. In this connection I should like to call attention for a moment to some of the low wages paid on the Canadian National Railways. We have adopted in most of our public works the principle of a fair wage. Certain classes of employees on the Canadian National Railways have been paid as low as 25 cents an hour. It has been stated that these are temporary employees. I should think that if men have to be employed for only short periods, that is all the more reason why the wage should be a fair wage; indeed it would seem a good reason why the wage should be higher than for men employed the year around. Here is a communication that will illustrate the feeling of some of the men in regard to this matter: The secretary of the International Association of Machinists writes me:

> Track men and labourers reported to be receiving only $2 per day. If our information is correct, we ask if in your opinion it is possible for a man to exist on such wages, particularly as there has been no corresponding reduction in the cost of living and as the amount previously received by these men is so much lower than the cost of living figures as set out in the Labour Gazette, and which are understood to be the least that a man can live on. We think the management of the Canadian National Railways are very much ill-advised and are not working to the best interests of the country in reducing the standard of so many of their employees. It is such actions as these that have caused so many Canadians to migrate to the United States to secure employment at a decent living wage, and it is owing to the continuation of such a policy on the part of the business interests of the country that Canada is so far behind the United States.

Surely the time has come when we all recognize that a fair wage is decidedly in the interests of efficiency. More than that, looked at from the standpoint of society at large, about the only way by which we can hope to have the wheels of industry revolve more rapidly than at present is that there be an access of buying power. This is possible only as men receive more in the way of wages or services. Surely the business men of this country must have got away from some of the fallacies of economics and must recognize that it is only as the labouring men have money in their pockets that business men will prosper. Let me give one other example of the low wages paid in some departments of the National Railways. My correspondent, writing from a railway centre in Ontario, makes this statement:

> I am forwarding you the time worked and the rate of pay paid by government railways to their employees in station restaurants. Time worked is twelve hours, 365 days per year, and in the event of taking a holiday, which you would think you would be entitled to after a year or two of service, they deduct pay for same. A manager and his wife are paid at the rate of $62.50 each per month; night help at the rate of $55 per month; kitchen help, $40 per month, all including board and room. For this large sum the manager has to secure a bond, to take all responsibility, and as you see, by working it out, hours worked for salary received amount to a very few cents per hour—

Mr. SPEAKER: I do not wish to interrupt the hon. member, but it seems to me he should come closer to the subject matter of the amendment before the House. This amendment asks for the appointment of "a select standing committee on National Railways and Shipping to consider the estimates for the Canadian National Railway system and all questions involving new capital commitments and the disposition of properties and assets." Although the question which he raises is in some respects germane to the administration of the Canadian National Railway system, I do not think this is the proper

time for him to dwell on it. However, if he is coming closer to the amendment I have nothing further to say. I have merely interrupted him because I wish to recall not only to the hon. member himself but to all others who may speak on the amendment the following principle which will be found in Bourinot at page 421:

> When an amendment has been moved to the question for the Speaker to leave the chair, discussion should be properly confined to its subject matter.

It is quite possible that the hon. gentleman is taking a roundabout way to come to the amendment. If so, very well; but so far I do not detect his intention to do that.

Mr. WOODSWORTH: I think I am travelling as fast as I can in the direction, Mr. Speaker, which you indicate. Since we are going into committee of Supply, and also since the amendment deals with the management of the railway and urges the appointment of a committee, I think I am quite in order in suggesting some of the things that would come before such a committee. However, I am through with that phase of the question and should like to come to a point that I think is clearly recognized in this House as being parliamentary in character.

We have been urged to keep the road out of partisan politics. I should like to ask how the road can be kept out of partisan politics so long as partisan politics are interwoven into the very structure of our parliamentary system. For example, in the appointment of the board of directors of the Canadian National, parliament as such has no voice; the appointment is made by the government. In other words it is made by a committee of the Liberal party, because after all the cabinet as it is now constituted is more or less a committee of the Liberal party. Parliament itself has no voice in the matter. Any amendment which we may offer from this side, under the present rules of the House, is regarded as a vote of want of confidence and the government's supporters are bound to try to defeat it. This arrangement, I submit, reduces the supporters of the government to silence and reduces us on this side to impotence. How can we bring about any change that is deemed desirable in the public interest in the management of the Canadian National? About the only thing we can do is to insist on the dismissal of the president. We do not want to do that. We can insist that the board be changed. We do not want to do that, and even if we did want to do it, the only way we could accomplish our purpose would be to turn out the government.

[Mr. Speaker.]

Surely we have to find some better machinery for carrying on this work if we hope that it will be kept out of partisan politics.

The fact is that the old party system of government grew up in an altogether different age, an age when the government was concerned largely in defence of the state and in managing the few concerns that were necessary, keeping up the roads, and that kind of thing. At that time there was no thought that a government would have to manage an enormous enterprise such as the Canadian National Railways, involving an expenditure of hundreds of millions of dollars. Under these circumstances it would seem as if the only way we can possibly keep the road out of partisan politics is by rejecting some of the partisan machinery that exists and that impedes our progress.

Our problem essentially is how to maintain control over the expenditure and policy of the road—that we owe to our constituents—and at the same time how we may avoid partisan and non-technical interference in a highly technical business enterprise. We have attempted to do this by the rather awkward expedient of a commission. Those who insist on our doing things always in accordance with the old British constitutional practice will, I think, have to recognize fundamental changes when they consider these commissions that are being established. We have a number of them, the oustanding ones, of course, being the Railway Commission and the Civil Service Commission. The attempt has undoubtedly been to take these important branches of the service out of politics, but in effect the danger is that we set up in each case an independent body over which parliament has little if any control. Such a commission might very easily become absolutely autocratic in its policy. We have had mention to-day of the Scribe affair, an incident, I think, that no one can very well justify. We want not to embarrass the railways, not to embarrass the government in carrying on that enterprise, but rather to work out some sort of arrangement that will prevent such unfortunate incidents in the days to come.

I might mention another little incident that occurred last year. We spent several weeks in this House debating our immigration policy. The item directly under discussion related to the granting of a sum of money to the Canada Colonization Company. After we had spent weeks in debate we found that the Canadian National, without any debate in the House whatever, was also making a grant to the Canada Colonization Company. It did not make any difference whether we voted in favour or against; the fact was that we had

established another body that could absolutely undo the work of parliament—an independent body, the Canadian National Railway Board, that might carry out a certain immigration policy despite all that could be said in this House. A policy which grants such power to a few is intolerable.

Take the question of freight rates: With all the machinery we have—with the board of management, the Railway Commission and our Railway department—I wonder whether we have effective control over freight rates to-day? If I understand the matter rightly, freight rates are, at least in part, determined by a board upon considerations that affect directly our great rival in the railway business, the Canadian Pacific. How can we hope to do successful business through our Canadian National when one of the considerations that determine the rates charged is the effect of those rates upon a rival railroad? I have in mind, of course, certain freight rates through the mountains, over which our own road, built with easy grades, finds it difficult to ship the goods it might because of the probable effect upon the rival road, which has a much more difficult grade—so at least, it is stated. Some of these rates and arrangements, as we had illustrated to us last year, are decided by a board that is even international in its scope. I do not know that our representative is actually a member of that board, but I believe he still sits in and listens to its deliberations, and the policy is undoubtedly affected. There is all along the line the danger that a board of this kind may become so independent as to be out of the control of the representatives of the people.

I would like to mention just in passing one or two matters of policy. We are carrying on an extensive business outside of the railway business—the maintenance of hotels, in connection with our tourist traffic. These hotels, we are told, are being run at a loss. It is a question how far we should subsidize great commercial institutions of this kind that minister to only one class in the community. The leader of the Progressives (Mr. Forke) this afternoon, mentioned the splendid dining and sleeping car service on the Canadian National. and I quite agree with him. But I should like to suggest that this service is maintained very largely for one class of the community. Last autumn I happened to come down from Winnipeg to Toronto on a train on which there were a large number of returning harvest hands. I noticed that all the way from Winnipeg to Toronto there were only two restaurants at which these men could obtain any sort of lunch. Two days on the road, and yet only two possible places at which they could purchase refreshments! It was all very well for those who had the money to go into the dining car, but here we were maintaining an elaborate system designed for tourist traffic, and at the same time we were not supplying the needs of the men who were carrying on the productive industry of this country. It is all very well to have new inventions like the radio exploited, and we are very glad to think we are in the fore-front of that work, and yet while we have been supplying the needs of tourists patronizing sleeping cars and big hotels, I sometimes wonder whether it has not been done at the expense of some of those who must travel over the lines in less expensive cars or who, because they have to pay high freight rates, must put up at much less elaborate hostels.

With regard to the amendment itself, it would seem to me to look in the right direction. I have not had the opportunity of studying it clause by clause. The leader of the Progressives seems to fear something that, as I heard it read, was not in the text. He suggested a third intermediary body, but did not divulge to the House just exactly the character or powers of this third body. I should say that the present board of management more or less fills the place which the leader of the Progressives had in mind. We need however a committee that really represents the rank and file of the people. As I listened to the member who proposed the amendment (Sir Henry Drayton) there occurred to me an idea that has come very frequently to my mind as I have sat here during the estimates. Why should not many of these estimates be discussed in small committees? We cannot possibly, in this large committee of the Whole understand all the details of all the different departments. The result is that a good many of us must seek refuge outside while these estimates concerning which we have no knowledge are being discussed. If we had half a dozen different committees working concurrently, it would seem to me we would save an immense amount of the time of this House and do much more effective work. In the committees we might have the deputy ministers or the various officials of the departments present, and then we would not need to have the immense strain of listening to the snappy sentences the minister gets from his deputy and then presents to the House. It would seem. then. too. as if we might dis-

pense with the Hansard for committee work, and we would not be induced to make speeches then as we are at the present time.

Some hon. MEMBERS: Hear, hear.

Mr. WOODSWORTH: I am very glad that the House appreciates that position, and I for one would be very glad to accommodate myself to the changed condition. Under such an arrangement the increasing business of this country could be carried on much more effectively.

Mr. GAUVREAU: It would shorten the session too.

Mr. WOODSWORTH: Yes, it would shorten the session very decidedly. Mention was made of the safeguard the government has in having a majority on all committees. I would point out, in passing, that it is stated that in Great Britain the practice is to have the committees arranged so that the government does not have proportionately more representation in the committees than it has in the House. I do not know why that principle should not be adopted here. But let me ask, why should we constantly take it for granted that a committee, charged with the discussion of the conduct of our railway affairs, would try to block the progress or the development of our Canadian National Railways? Somebody says, as long as you have human nature you cannot do very much. Well I am sure most of us, if we think a little more deeply, will recognize that human nature is pretty good after all, if it only has a decent evironment and decent machinery with which to work. I feel confident that public sentiment is so much behind the Canadian National Railway system to-day that no section of the community would dare to do anything to break that system or to impair its efficiency.

Perhaps I should alter that statement a little because, as a matter of fact there are some sections of the community, certain interested sections, that appear to be trying to do that very thing, but I think that considering the Canadian people as a whole there is no section of the community that will effectively defy public opinion along this line. So it would seem as if we ought to have some such committee as has been suggested by the amendment. But, speaking for the group which I represent and, I think, for a very large number of the Canadian people across this country, I would say that there must be nothing done whatsoever that will jeopardize or impair the welfare of the Canadian National system; there must be no sabotaging of the railways or the marine. Given that as a starting point, as something we must all keep in mind, it would seem to be the wise thing to devise the machinery now by which we can more adequately administer the affairs of this great corporation.

Mr. W. F. MACLEAN (South York): Mr. Speaker, I wish to refer to one thing that the hon. member (Mr. Woodsworth) brought up, and that was he thought there ought to be an improvement in the way this House conducts its business. I would like to see the old committee that we had a year or two ago, called the Speaker's committee, revived, and the House in a very careful and well-thought out manner try to reorganize the conduct of its business so as to save time, expedite business, cut out a lot of speeches, and shorten the session.

To-night I want for a few minutes to discuss the Canadian National Railways, brought up by the Minister of Railways when he presented his report, and to discuss also the amendment. To begin with, to justify my position, and my position is to be a justification of public ownership of railways in this country, some years ago I favoured that position and I was laughed at, but whether I was laughed at or not I lived to see public ownership of railways arrive in this country, and the people are satisfied with it; they are proud they own this railway, that it is theirs. Yet somebody wants to take it away from them. To show what the criticism is of the Canadian National Railways I am going to read just a line or two from a Montreal newspaper that reviewed the report as presented by the Minister of Railways a few days ago. The Montreal Gazette on last Friday said:

> Our National Railway did fairly well last year. It made headway financially, but it cost the country $51,697,000. That is not quite as much as the sum derived from the income tax, but it more than suffices. It has cost the people of Canada $290,000,000 to adventure upon public ownership, over and above a liability of $2,000,000,000. That is the plain fact. Was the experiment worth while? Results do not support an affirmative answer, nor yet does an analysis of the balance sheet.

And it says this is the test of public ownership. Where did we get this test of public ownership? It came from years of adventuring in railroad construction in this country, adventures in which an enormous amount of profiteering was done in connection with contracts. Unnecessary roads were built, unnecessary headquarters were started all over. We had three or four experiments.

and they all lost money; not only these three or four experiments, but there were dozens of other lines established in this country, and they all had to be taken care of and were a burden on the people. Included in them is a railway which is probably the most expensively constructed of all, the Grand Trunk Pacific although its construction, in a way, has something to justify it. The Grand Trunk Pacific was built as an offset to the Canadian Pacific, and the latter was not constructed for nothing by the people of this country. It cost them twenty millions of money and twenty-five million acres of land, and there have been many other obligations since that time. Public ownership is derided, but what we are doing now is cleaning up the mess created by preceding administrations in parliament. An enormous amount of money has been put into these railroads but the Conservative administration had the courage to consolidate the Grand Trunk and all the lines the Grand Trunk had acquired in its early days; the Grand Trunk Pacific, the Canadian Northern, and all the other lines, into one system and take them over. The people took over these different roads, consolidated them into one system and put it under public ownership. That was done to clean up the mess that had been created in this country by private ownership. That was the cure that was adopted. And yet we see the taunt in the Montreal Gazette "Look at the mess you have got into from public ownership." Why, we are trying to remedy a condition which has prevailed in this country for forty years. Because we are trying to clean up that mess we are being denounced in the way I have indicated. The Liberal administration is also trying to clean up this mess, following the same lines as its predecessor. The opponents of public ownership do not say anything about that system where it was established on its merits.

If you want to talk to me about public ownership, if you want to throw stones at it, go to the province of Ontario and see what has been accomplished there in the way of hydro-electric distribution. That system is owned by the people. There has been no waste of money on it. There may have been a little money lost, and some mistakes may have been made, but it is the finest instance of public ownership in the world to-day. It is owned by the people of Ontario and they have an unlimited supply now of electrical energy for industry, for lighting and, to a limited extent, for heating their houses. They also have a fine system of electrical railways in connection with it. If the Montreal Gazette would take that as an instance of public ownership it would be on fairer ground. What that paper is denouncing, as I have said before, is the horrible mess created by various parties, and by various adventurers in railway construction in this country.

Let me give you another instance of successful public ownership. The Toronto street railway is owned by the people and it is the finest system of its kind in America to-day. The fares of that system are going to come down, and the whole debt is being amortized. In about thirty years the debt will be all paid off. There are radial lines in connection with it, and they are proving a great success. The city of Detroit has acquired its street railway, and is going to give it the same treatment which has been bestowed by the people of Toronto on their railway.

These are only a few instances of the success of public ownership. There are others. What is the great feature in the report of the Dawes commission in connection with repatriation in Germany? The first condition laid down in that report for the recovery of Germany is that the national lines which did so much in the past for the development of that country, must be maintained. That is where Germany showed its strength years ago when she took over the railroad system and developed the country by means of national railways. Talking about the nationalization of railways, if I can read the signs of the times, the present government in England to-day—the Ramsay MacDonald government, a labour government—after dealing with the housing problem will undertake a nationalization of the railways there. As a result of the nationalization of the railways power will be distributed to all the industries in the country. They propose to establish great plants, equipped with batteries of steam boilers, which will develop enough energy to electrify their industries. They have not got water-power there but they have an abundance of coal.

Now, as to the United States. I am only a prophet, and perhaps a poor prophet, but I am convinced that it will not be long before a movement will be started to nationalize the railroads in that country. At present there is great dissatisfaction with the operation of the railways, and with other things. It will cost billions of dollars to take over the railways in the United States, but there is no other solution of existing difficulties but to do that. The railway brotherhoods may do something in that direction. There may possibly be an objection to the railway brotherhoods dictating too much in that connection, but I am not afraid of that. It may result in their

getting a better system of railroads than they ever had before, and I think they are prepared to try the experiment there. Then the United States government has practically given national leadership and national capital in connection with the banking system of that country. That is the kind of public ownership we are talking about here. You may abuse it, you may make fun of it and say it will never come about, but it has arrived. It has arrived in connection with the public affairs in the United States and in connection with the real leadership of banking over there. The capital behind this banking system is national money, and public money will go into the nationalization of railways over there. The province of Quebec has gone into banking to the extent of investing fifteen millions of public money.

The principle of public ownership is being asserted all over the world and is winning out, and yet we read in papers like the Montreal Gazette that public ownership is an abuse. I say it is not. I say that what we are engaged in is cleaning up the mess in connection with our railways, as a result of adventuring and of profiteering, and perhaps politicians were more or less involved in it. The Montreal Gazette is carrying on this campaign and for what purpose? I understand what is going on in the city of Montreal to-day, and I see it in other places not so very far away. I see the effort being made to compel the people of Canada to surrender the Canadian National Railways and to give them to the Canadian Pacific. That is the object of the attack that is being made in all quarters. Remember the National Railways are owned by the people and they are going to make the proposition a success. That is the object of the attack which is being made.

The Canadian National is owned by the people of Canada, but the Canadian Pacific Railway is owned outside of Canada, and the proposal of the Montreal Gazette is to give the traffic to the Canadian Pacific. A large portion of the stock of the Canadian Pacific Railway is held in the States, in England, and in Germany. We do not know where it is owned. We have a road of our own, which is beginning to pay and it runs from ocean to ocean. When I talk about abuses in regard to Canadian roads in the past, I do not say it was an abuse to build the Intercolonial road, but it cost a lot of money and is not paying its way to-day. But we have that road now. There was a political reason for building that road, and there was a more or less political reason for the building of the Grand Trunk Pacific and perhaps in connection with the construction of all the roads in the country. Our road is beginning to promise to pay; this government has followed the policy of the previous government fairly well, is voting money freely enough for the railways and does not seem to be interfering with the administration. There was no interference under the administration of the previous government. We have a great road costing two billion dollars, running from Halifax to Vancouver, with all the strategy of the continent compared with the Canadian Pacific Railway. The greatest road of them all is the Grand Trunk Pacific. All the strategy of Ontario, from a railway point of view, is owned by the National Railways, the old Grand Trunk. It is, to a large extent the same in Quebec and the Maritime provinces. This road connects all the ports of Canada, Vancouver, Prince Rupert and Victoria on the Pacific coast, with all the ports in the East. Its business is growing in every direction, and it will soon be self-supporting.

When the board is appointed I think the first thing for parliament to do would be to fix a fair amount as the cost of the Canadian National Railways and say to those in charge of the road, "You must earn the interest on that amount and pay it." I believe that, under such a policy, we would be able to pay the national debt in a short time. But I will come to that later when we deal with the reconstruction of the Finance department. If we adopt that course the road will soon begin to pay.

The motive actuating Montreal in the attack on the National Railways is fear that the publicly owned roads, notwithstanding the burden handed down to them from the past, are going to win out, and Montreal does not like it. I am not saying one word against the Canadian Pacific Railway. They may not be at the bottom of it. It is the big English speaking interests who do not want to see the Canadian National Railways owned by the country. They do not want the hydro power in Ontario, but they would like to develop power on the St. Lawrence and I hope that some day the St. Lawrence will be consecrated to the electrification of the National Railways adjacent to them, and that when that electrification goes to the West and is developed there will be enough surplus power to take care of the household needs of the farmers of the West. Electrical development will help the Maritime provinces. If you want to see power developed in those provinces, take up the proposal to use the Bay of Fundy tide for electrical energy. It will work out all right, and is a good proposition. In that way we would improve our country and build

up the National Railways. First of all, create a great system of power for the electrification of railways and share it with the people, as Ontario has shared its power with the people, and build up the National Railways and they will be a great success.

In regard to the management of the railways, my suggestion would be that you should appoint a commission of five of the highest class of railway men you could get, men like Sir Henry Thornton, Sir Henry Drayton, Mr. Beatty, Mr. Ruel and another man who has had some experience. Those five men could run the road and make it the greatest national road in the world, and it could be done better by five men than in any other way. I would not like to take the control of the railway away from parliament; but I would leave it to five men to run the road from ocean to ocean, give them big pay as commissioners to manage the affairs of the road, and prohibit them from bringing politics into it. Pick out the best men, and the result would be that we would have the greatest example to the world of public ownership of railways. We can adopt this scheme in this country, as we have the men to do it. For a while, I did think that progress would result if we had a consolidation of the Canadian Pacific with the Canadian National; but possibly the people of the West favour opposition in connection with railways; they want the two systems. I cannot make the suggestion just now that the Canadian Pacific should come in; but if the management of that road adopt the tactics which have been adopted in the past, to destroy the Canadian National, the management had better think twice before going much further with that programme. That is what they are doing at Montreal and at other places, and you can see the slimy trail wherever you go.

It may not be in the public interest to consolidate; but if the Canadian Pacific Railway is wise, the management will approach the government and the people of Canada and say "We have enormous resources yet, but we think they belong to the shareholders and we propose to distribute them". I do not know that they belong to the shareholders altogether. When Sir John A. Macdonald created the Canadian Pacific Railway he inserted a clause in the charter that nobody was quite able to understand, to the effect that the road was to be maintained forever. For what? That requires interpretation. I say the road was built for the benefit of the people of Canada in connection with transportation. The Canadian Pacific directors have successfully administered their road, and I give them credit for it; but Sir John A. Macdonald, when he started that road, and Sir Wilfrid Laurier when he projected the Grand Trunk Pacific, did not say that union was not strength. The day may come when union will be strength in the case of the railways. If the Canadian Pacific comes in they can get a fair division of profits on their investment, and they may have certain assets they can distribute; but if they want to do something to help public ownership in this country, let them first come to the country and make a proposition. They might say, "We do not see why we should maintain the railway end of it, but we are willing to maintain the steamship end of it". There would be a chance then for the Canadian Pacific if they wanted to handle the transportation of the country. Let them go into the steamship business and the settlement of the country, on some understanding with the people of Canada and in that way they will go ahead. I say that there is a conspiracy and that the head of it is in the Mount Royal Club in Montreal.

An hon. MEMBER: Order, order.

Mr. MACLEAN (York): I do not say the club proper, but there is a bloc in Montreal which would like to destroy the National Railways, and destroy Ontario as far as the distribution of power is concerned. They would also like to smash Toronto because that city owns the street railway. But other cities are going the same way. I am not an enemy of the Canadian Pacific Railway, and I give them every credit; but there is room for the Canadian National Railways as well as the Canadian Pacific. The Canadian National Railways in the estimation of the people is their own road and the people are proud that they own the system, notwithstanding the debt which they owe in connection with it. I come in contact with the public frequently and I know that the people are patronizing the National Railways more than they have ever done before. It is not wise I say for the Canadian Pacific, through the medium of its directors, the newspapers and its friends, to insinuate that the Canadian people cannot manage their own railways and therefore ought to turn them over to that company. There are very few public men in Canada who venture to take that position, although there are some who apparently would like to have the Canadian National Railways handed over to the Canadian Pacific. That is not my idea, and I am sure that my constituents are stoutly in support of public ownership.

9 p.m.

I have been in public life for thirty years and have always believed in and advocated the principle of public ownership, and thank God I am alive to-day to see that principle vindicated. I repeat, the people of Canada are proud of the railways they own; and I challenge those men who try to detract from the success of the system to come out into the open and attack it. I invite any opponent of the National Railways to come into my riding and discuss the question freely; and I on my part am prepared to go into any province in the Dominion, either in the East or in western Canada, and meet squarely on any platform any one who is attacking the railways in an unfair or an irresponsible way. It is high time that these people were warned, and I believe that if proper steps were taken to put the matter fairly before the country, those who are trying to subvert public ownership would cease from their attacks on the National Railways. At any rate. let the opponents of the system come out in the open and fight. I know very little about the West, but I am ready to risk my chances of success on any platform there in defence of public ownership. It is time that the Canadian Pacific Railway abandoned their scheming and their insinuating that the Canadian National system cannot be properly managed by the people. The Canadian Pacific Railway simply wants to get hold of the system, and if it did it would be master of the country. What hope would there be for politics in this country if a privately owned company, controlled in the United States, in Great Britain and in Germany, should take over the National Railways? Why, the men in Montreal have no more power over the Canadian Pacific Railway to-day than they can derive from their shareholders; and the majority of the shareholders of the company live outside of Canada.

I have been watching events in the United States and I know that the greatest company ever formed anywhere in the world is being floated to-day in New York to monopolise public utilities; in this enterprise there are associated the Bell Telephone Company and the American Telegraph & Telephone together with cable concerns and the Marconi people. They are capitalising at one billion or two billion dollars and they will simply control all communications both at home and in Europe. Now, I think it would be much better for us in this country if we went in for some enterprise that would extend our own activities; we have a good telegraph system and can connect up with the world. And there are many other ways in which we could develop our utilities.

[Mr. W. F. Maclean.]

Some people of the United States look with dread upon what is going on in Canada in connection with our National Railways, because the American roads are unable to make any headway themselves, having been overcapitalized. Some two years before his death President Harding was approached by prominent railway men in the United States in connection with the railway situation there, and at that time he expressed the view that if they would partition the railway systems of the United States into ten regional divisions they would be able to secure enough money from the government to electrify the roads and consolidate them. That would have made their railways stronger than ever; but they have not succeeded. There is the greatest jealousy on the part of the railway concerns over there of public ownership in Canada; and notwithstanding the difficulties with which the system here has had to contend, I think I may say that we have lower traffic rates here than there are in any other country. And this because parliament has kept control of the rates. Apart from a return of 3 or 4 per cent on investments, all other earnings will go towards a reduction in railway rates; and the secret of public ownership is to give service at the lowest cost and not merely to put money into the pockets of shareholders. I think the people of Canada, as time goes on, will find the Canadian National Railway system the greatest boon. At present the people of the West have a good deal to worry about; they have had a hard time on their farms and have had many grievances. I hope therefore that the government will find some way to extend the farm credit system in the West. But the one thing that would do most for western Canada would be a reduction in railway rates, and the only way in which railway rates can be reduced is for the Canadian National Railway system, through proper management, to take the initiative in this direction and to make the Canadian Pacific march at the same pace.

In the past forty years we have had a good deal of profiteering and political adventuring in this country in connection with the railways; but that is not public ownership. I have no doubt whatever that public ownership can be and will be successful in this country, and I want to see it given a fair show. If this is to be brought about politics must be eliminated. Of course, I want parliament to be ultimately responsible for the administration of the railways; parliament must see to it that proper men are put in charge of them and are given adequate assistance by means

of the necessary legislation. But apart from that the railways should be left to the administration of the men whose services are devoted to their management, men who are not in politics. It is true that charges of extravagant expenditures may be brought; but these things have happened in connection with other concerns. And the Canadian Pacific Railway has not such an unenviable record itself. It did not cost an awful lot, and it has been handled well. But I should like to see the Canadian Pacific Railway subject to an inquisition in this parliament; they would then be just as eager to protect their reputation as anybody else. I want to give a warning to the Mount Royal Club, as I call them, and the big interests who are associated with them, who hate public ownership and power distribution, and who want to grab the St. Lawrence and the Ottawa water-power. I hope that we shall develop the water-power of the St. Lawrence, because we can levy an export duty on that power going out of the country. But the Montreal men want to export it to the United States; they want to smash the Canadian National Railways and then get control of them.

Mr. BUREAU: Will my hon. friend allow me a question?

Mr. MACLEAN (York): Yes, two.

Mr. BUREAU: Will he be more explicit? He says that Montreal wants to export power to the United States. Who is "Montreal"?

Mr. MACLEAN (York): They have two propositions now. You will see them come before us this session.

Mr. BUREAU: Who are "they"?

Mr. MACLEAN (York): They are developing the Lachine—

Mr. BUREAU: Will the hon. member explain who "they" are?

Mr. MACLEAN (York): I will rise in my place and name some of the parties. I thought all our friends outside of Montreal, our Quebec friends, were very much in favour of public ownership of railways and water-power.

Mr. BUREAU: You know I never was.

Mr. MACLEAN (York): Not in favour of National Railways?

Mr. BUREAU: I was never in favour of public ownership.

Mr. MACLEAN (York): But you have got to do with it to-day. Are you ashamed of it? After the mess that we are trying to clean up, that awful mess which nobody can clean up to-day but the people of Canada—that is what I am saying—is my hon. friend ashamed of that mess?

Mr. BUREAU: My hon. friend asked me if I was in favour of public ownership. I told him, no. I always said so in this House.

Mr. MACLEAN (York): Then you are not in sympathy with your party?

An hon. MEMBER: You are from Montreal.

Mr. BUREAU: I am not from Montreal. I can think for myself; I am not following the band wagon with the crowd.

Mr. MACLEAN (York): I hope the government will stand up and justify public ownership. If so, surely all the members of the government must stand for it.

Mr. BUREAU: I will stand for it and help it, but I do not believe in it.

Mr. MACLEAN (York): Perhaps my hon. friend the Minister of Justice (Mr. Lapointe) may not agree with his colleague. If I could gather anything from the most excellent speech which the Minister of Justice delivered the other day it was this—he was telling the people of Canada and this House that the mantle of Sir Wilfrid had fallen on him. I hope he is not ashamed of having made that statement. It is to his credit that he said so. Sir Wilfrid Laurier at great risk undertook the building of the Grand Trunk Pacific, which is the greatest railway in the world, and I give him credit for its construction. It carries the majority of the passengers in the West, it carries the grain of most of the wheat fields of the West, and the development of water-power in connection with it will help to electrify all the western provinces.

I am not objecting to the motion very much, but I take this opportunity—and I am only a weak voice in this House—to serve notice on the Canadian Pacific that if it is their object to wipe out the National Railways, they had better come before the people of Canada and openly declare that to be their intention. Let them go on the platform in the province of Ontario or in any other of the provinces and tell the people: "We want you to give us these National Railways. We will run them and make a success of them." Let them say that openly to the people, and they will find that neither the people nor the newspapers of this country will justify them in that declaration. I can see some queer aids, from the newspaper point of view, coming to the Montreal Gazette

these days. Those aids are coming not from the usual quarters but from the province of Ontario in an attempt to smash the National Railways. Let them come out in the open and say that that is their object, and they will get the worst smashing that any party ever got in this country Let any party, I do not care which it may be, try surreptitiously to destroy the National Railways, and in this House or in any part of Ontario I shall be willing to meet any such friends of the Canadian Pacific, and they will find themselves smashed instead of their smashing the National Railways.

Mr. FRANK S. CAHILL (Pontiac): Mr. Speaker, I feel that the government is to be congratulated on their good fortune in being able to present such a satisfactory report of the Canadian National Railway system for the past year. The report shows that the net earnings are better by $17,000,000 than they were last year. The gross earnings increased by $20,000,000, while those of the Canadian Pacific Railway increased by only $9,000,000. The net earnings of the Canadian Pacific increased by only $1,170,000, while the net earnings of the Canadian National increased by $17,349,000. It has been suggested that a part of this increase is due to the skimping of expenditures on maintenance of way and maintenance of equipment, but I find on looking over the Canadian Pacific report for 1922 that the Canadian National spent more per mile of railway than the Canadian Pacific did. So if the Canadian National spent a little less last year for maintenance of way and maintenance of equipment they are still spending more than the Canadian Pacific in this respect. Therefore the showing is really very satisfactory from the standpoint of the government. Apparently the government were very fortunate in securing the services of Sir Henry Thornton as president of the system. He came here only a little over a year ago, but I think before he had landed he was attacked by the leader of the opposition. I do not remember on what ground, but I think that in a by-election which was then being held the right hon. gentleman was reported as having attacked Sir Henry Thornton. Apparently it was his intention to give the National Railways a chance by trying to condemn the president before he had taken over the job!

The mover of the amendment, my hon. friend from West York (Sir Henry Drayton), started out by saying that he was in favour of the Canadian National Railway system and wanted to do everything he could to assist in its development and betterment, but he wound up by calling the present board of directors political hacks or political heelers. I do not know just how much of this a member is supposed to believe. I know a member's word must be accepted, but I hope we do not have to believe the whole of his statement. By describing the directorate as political hacks, in what way could he help the Canadian National Railways or the government? He must have had one of two objects in view, either to condemn the government or to condemn the railway management. If he is in favour of the Canadian National Railways—and he himself states that he is in favour of public ownership, which is going further than many members in this House would care to go—how can he hope to assist the Canadian National management by condemning the directorate? With some of his opening statements I agree, but with most of those which he uttered during the last hour and a half of his speech I must disagree. He indicated at the outset that it might be possible to have a commission or a board of management appointed which would be more continuous in office than under the present system. He attempted to condemn the government for changing the old directorate, but he intimated that if he were a member of the next administration he would take the same course and dismiss the present directorate. If this be the case, then there might be something in his suggestion that a commission should be appointed which would continue in office even after a change of government. It might bring about more continuity of management and be more satisfactory to the officials of the road. But he did not propose that to the House; he wound up by moving an amendment asking for a committee of the House to go into the details of the expenditures and the management of the system. A committee was appointed during the last parliament with powers somewhat similar, perhaps a little more restricted. We of the opposition contended for the committee and the government contended against it. We finally got a committee with restricted powers, and for myself I think the committee was of very little service.

I do not know what the government's intention is with regard to this amendment, but it does not seem to me that it is going to solve the whole problem of Canadian National Railway management. The hon. member for West York (Sir Henry Drayton), in arguing in favour of his amendment, intimated that he was anxious to get to the bottom of certain things. He proposed practically to have an inquisition of the Canadian National manage-

ment and to have the officials of the Canadian Pacific Railway Company conduct that inquisition; that is about what his amendment means. I do not know that any good purpose can be served by such a committee or by such an inquisition. I do feel, as I have always felt, that everything pertaining to the management and operation of the National Railways should be public property. After all, the people are responsible for the obligation; they are responsible for the expenditures.

It has been suggested by the Manitoba Free Press and by some hon. members that some kind of committee or body should be organized for the purpose of taking the management of the road out of politics, but I think the argument will not bear close analysis. Under our system of government, under any system of government, the government business must be conducted by the government, call it political or partisan or whatever you will. If you try to eliminate government influence then you have to establish another body which will have control of the railway system. They in turn would have to find the money to provide for the deficit. Where would they get that money? Either by the power being conferred upon them to impose taxation on the people, or by their coming to parliament; so that it gets back eventually to the same thing.

The government of the day argued, on the occasion to which I referred a moment ago, that the railways were to be kept out of politics, that the directorate was to be a non-political body; but we of the opposition contended, as my hon. friends opposite are contending now, that that would be impossible. So the thing got into the position it is in today without very much thought on the part of the government of the day or on the part of the advocates of public ownership of that day. The government now have to deal with it.

They have been fortunate in securing a manager who has been able to show a very great betterment in the condition of the road. It may not be Sir Henry Thornton, I do not know. He may not be a railroad man, but if he is not he was very fortunate in coming in at a time when the improvement was as great as it has been in the last year. The Canadian people will be inclined to believe that he is responsible for a great part of that betterment, if not all of it; they will be inclined to believe that there must be some influence that has brought about a betterment greater than that achieved by the Canadian Pacific. I think it is not altogether due to the change in government, although that must have quite a lot to do with it.

The hon. member for West York also proposed in his amendment that all questions involving new capital commitments and the disposition of properties and assets should be dealt with by this committee. I did not like to interrupt him while he was speaking, but I felt like asking him, and hoped he would be in his seat now that I might ask him, just what he meant by that. Did he mean that the Canadian National management would not be permitted to sell lands, for instance, townsites, timber, or any of the properities that they must sell from time to time? Or did he mean that they were not to be allowed to sell a portion of the railway? Just what did he mean, if he meant anything? Or did that portion of his amendment mean about as much as the rest of it—that he merely wants to be able to bring in the Canadian Pacific management to hold an inquisition and to show up the weaknesses, if any, of the Canadian National Railways, and to let the Canadian Pacific go away scot free?

If the Canadian Pacific officials consent to come before a committee of parliament to give information against the Canadian National Railways, I may say to my hon. friend who moved the amendment that the Canadian Pacific is badly advised. If the members of the opposition who are apparently championing the Canadian Pacific wish to make a contest between the people of Canada and the Canadian Pacific Railway Company or between the Canadian National Railways and the Canadian Pacific Railway Company, I have no hesitation in saying that the Canadian Pacific is likely to get the worst of it. I do not believe the Canadian Pacific wants to enter into a contest of that kind. I would be glad to see the Canadian National Railmays managed as well as the Canadian Pacific has been managed in the past. I would like to see them have an equal chance. But from some indications appearing in the Railway committee it would seem that a number of the advocates of the Canadian Pacific are inclined to favour that railroad as against the Canadian National The number is small, but apparently there are those who wish to do that. Legislation was held up last year in regard to branch lines, and we saw instances in the Railway committee where the Canadian Pacific had practically gone over the same territory, had constructed lines of railway that the Canadian National had intended to construct. A remark was made in the press a few days ago to the effect that one of the members of the committee had suggested a change in the destination of one of the Canadian National branch lines. Yes, he suggested that, but the Canadian National management

had asked for identically the same line the year before and it had been refused by parliament. The Canadian Pacific in the meantime went in and built the line, so that the change of destination did not mean very much because the Canadian National could not build on top of the Canadian Pacific. So I want to say to my hon. friend from West York that his advocacy of the Canadian National Railways will not only be detrimental to the Canadian National but will also be very detrimental to the Canadian Pacific.

Sir HENRY DRAYTON: Mr. Speaker, I do not like to interrupt the hon. member, but he has absolutely not the slightest justification for his statement.

Mr. CAHILL: Did my hon. friend not say this afternoon that he wished to have a committee to investigate the affairs of the Canadian National? Did he not also say that he wished to have a committee before which he could bring the Canadian Pacific officials?

Sir HENRY DRAYTON: What I said was very clear. I said that from the file brought down and from the information I had, it would appear that a fraud was being perpetrated on the Canadian people, and that if that property had been offered to the Canadian Pacific for $1,400,000, then we should know it. I said nothing whatever as to aiding the Canadian Pacific, one way or the other. The hon. gentleman, I think, was not in the House.

Mr. CAHILL: Yes, Mr. Speaker, I was in the House and heard the hon. member distinctly—

Sir HENRY DRAYTON: That makes it worse.

Mr. CAHILL: —make the statement that he hoped to bring the Canadian Pacific officials here to prove his allegations, that and nothing else. He let the cat out of the bag with regard to this committee that he is proposing; he is going to bring the Canadian Pacific officials here to hold an inquisition on the Canadian National Railway management; it was either that or nothing at all.

Sir HENRY DRAYTON: To find out the truth, whether the property was in the market.

Mr. CAHILL: Where did my hon. friend get his information?

Sir HENRY DRAYTON: I have not got it; I want to get it.

[Mr. Cahill.]

Mr. CAHILL: Then in making his statements he is just guessing, to the detriment of the Canadian National Railways. Does he think he is enhancing the reputation of Sir Henry Thornton by coming here and insinuating that he has paid very much more for the Hotel Scribe than the Canadian Pacific could have bought it for? Does he think that is helping the management? Does he think he is helping the management of the Canadian National Railways when he says the directors are political hacks? Is that helping to promote the welfare of the Canadian National Railways?

Sir HENRY DRAYTON: That is known, unfortunately.

Mr. CAHILL: My hon. friend says that is known. The only purpose my hon. friend can have in mind must be the making of political capital, and if he is attempting to make political capital he cannot be helping the Canadian National Railways. If he will come into my province and make that statement about an ex-member of this House from my province, I can tell him that he will not gain any votes in the province of Quebec, and I think the same will apply to the other directors throughout the country.

I would like to ask what my hon. friend means by one portion of his amendment. The amendment reads:

> That a select standing committee on National Railways and Shipping is hereby appointed, to consider the estimates for the Canadian National Railway system and the Mercantile Marine, and all questions involving new capital commitments and the disposition of properties and assets.

Just what does he mean by properties and assets? Does he mean, for instance, the lands of the subsidiary companies, meals in the hotels, the Chateau Laurier, and so forth?

Sir HENRY DRAYTON: I should have thought it would be quite clear. What is referred to is the sale of property which is entrusted to the board for management, not for sale; in other words, capital assets ought not to be disposed of without the consent of parliament or the government.

Mr. CAHILL: What capital assets have been disposed of?

Sir HENRY DRAYTON: There is a list of them. Although my hon. friend is chairman of the Railway committee, he has not been following the work of the House, or he would have known that a return was tabled by the Minister of Railways showing considerable sales of railway properties.

Mr. CAHILL: Properties that are required for railway purposes?

Sir HENRY DRAYTON: I do not know.

Mr. CAHILL: Did the Canadian Pacific ever dispose of any property of that nature?

Sir HENRY DRAYTON: I am not talking of the Canadian Pacific, but of the sale of our own property.

Mr. CAHILL: My hon. friend has been talking very liberally of the Canadian Pacific lately. No, Mr. Speaker, if we are to get the Canadian National Railways out of politics, I am afraid my hon. friend's amendment is not heading in the right direction. He is heading them into politics, rather than out of it. As I said before, I do not know what the government's intention is in regard to the amendment, but for myself I would not feel at all grieved if they refused to accept the amendment as it is proposed.

Mr. JOHN EVANS (Saskatoon): Mr. Speaker, I would like to discuss this question from one or two angles. In the report presented by the Minister of Railways there is a reference, at page 2624 of Hansard, to wages and labour. Various demands I know have been made by the employees for an increase in wages. However, there have been no strikes, and a general good feeling prevails among all classes on the Canadian National Railways. This is as it should be. Since Sir Henry Thornton has assumed the management of this system a great improvement has been achieved in this respect. While 58.4 per cent of all operating expenses seems high, entailing the sum of $136,463,470, still I want to urge upon this House that the matter of wages as well as other matters of management and operation should be left to the good judgment of the president and his board.

The hon. member for Sherbrooke (Mr. McCrea), speaking in the budget debate a few days ago, said that an honest day's work was not given for an honest day's pay, and he quoted some figures which would lead the people of this country to believe that we were in the grip of a railway workers' union. I have made some inquiries regarding the statements of the hon. member, and I find the conditions he cites as to overtime are almost an impossibility. I have had sent me by the Telegraphers' Union, in the city of Saskatoon, a copy of a letter challenging the hon. member to prove his statements. I will read a part of it, sufficient to show that the hon. member has been misinformed by someone. It says:

> Eighty two representatives of the eight thousand telegraphers employed on Canadian railroads, who are now in convention at Cleveland, instruct that vigorous protest be filed in parliament against the serious misrepresentation made by Mr. McCrea, member for Sherbrooke, Quebec, on May thirteenth, respecting station agents' salaries. Telegraphers have had their compensation reduced by two and a half million dollars a year since January, nineteen twenty-one, the period he quotes. No agent receives free dwelling. All pay rentals through deductions on payroll. We challenge the member to name the stations and details of earnings as stated in his speech, knowing his information to be incorrect. There are ninety six working hours in two weeks' pay period. No man could work one hundred and sixty one hours overtime in two weeks without serious results to himself and grave danger to the safe handling of trains. If done, the responsibility rests solely upon the company requiring the service for overworking the employee and piling up cost because the employment of a second man would have been much cheaper.

I know wages are high, but while our manufacturing and distributing combines are protected and hedged about by tariffs, dumping acts and so on, which places all these concerns beyond the pale of competition, the cost of living must necessarily be high, and we cannot blame any collective body of labour men for at least organizing to maintain a decent standard of living. If we want to lower the wages on our railroads, and bring down as well the cost of freight, we have to lower the cost of living, and it is in the power of the legislators of this country to do that. But that is another tale.

What I want to protest against are these pinpricks by politicians in this House who have no other end in view than to worry Sir Henry Thornton and his board into giving up the job of managing the finest system of railways in the whole world. They would like to see this great Canadian National system again fall into private hands, but I think the people of Canada, and I think I am right in saying the people of all Canada, are proud of their own railway. I do know that in the West we are proud of it, and since Sir Henry Thornton has assumed the presidency there has been a noticeable improvement in the attitude of every employee, and a service is given that cannot be equalled in this continent by any railway under like conditions.

This pinpricking campaign that is now carried on by those who, in past times were short sighted enough to keep up a howl, under the guise of patriotism, that all the trade of this country should go east and west, must stop. That policy was a mistake. To it is due the fact that we have a superfluity of transcontinental lines. Rather than take the backward step of reverting to private ownership this country must now meet the losses occasioned by those very same advocates of private ownership. What the people have

they will hold no matter what the cost may be. It will only be a matter of a few short years, I think, when the annual deficit will be a thing of the past. Rather than go back to private ownership of railways we should be looking forward to the time when transportation will be a great public utility and will be publicly owned. Then, and then only will it be possible to eliminate the great duplication of service which now exists, and render lighter the cost of transportation which bears so heavily upon the people at the present time.

What we want in this House is a few patriots who can look at things from a national standpoint, from the standpoint of the people, rather than allow themselves to be actuated by narrow motives of selfish interest. It is not very fair to the Canadian National Railways that matters are being discussed here over and over again from the standpoint of the Canadian Pacific Railway. Let us see whether we owe anything to that company. The Canadian Pacific has already been given in land grants and subsidies by the Dominion, provincial and municipal governments enough to capitalize their entire stretch of steel at something like $40,000 per mile. I can give some particulars of the aid which the Canadian Pacific has received. It has received in land grants from the Dominion and provinces 28,816,000 acres. In subsidies it has received $41,544,272; and in lines handed over completed by the Dominion government $37,785,000, or altogether, in addition to land, nearly $80,000,000. Now the land given to the Canadian Pacific amounts to 28,816,000 acres and if we price this land at the very moderate sum of $21.50 we shall have a total of nearly $620,000,000. That added to the subsidized lines completed, and other forms of assistance, amounts to nearly $700,000,000 which up to the year 1920 would have capitalized the whole stretch of steel of the Canadian Pacific at $40,000 per mile.

I think it is time we altered our policy and built our public utilities for the public instead of for private concerns who, in times past, have exploited rather than served those who made the concessions. The mistakes of the past are every day becoming more apparent. During the last season of grain transportation —1923-24—very little grain came east after the close of navigation on the lakes. Now, the two natural outlets for western Canada are certainly Vancouver and Hudson bay. But the selfish policy in the past of concentrating our financial and industrial concerns in Montreal and other eastern cities has brought on this country a railway problem of the first magnitude.

[Mr. Evans.]

I say the Hudson Bay railway must be finished, and it will be completed. In western Canada the farmers have got to find the easiest access possible to the markets of the world, and this country cannot hope any longer to saddle the deficit caused by a superfluity of railway transcontinental lines upon the prairie farmers. In the future they cannot be expected to bear the mistakes that have been made. Indeed, I should like to serve notice right now that the prairie provinces are not to be expected any longer to pay freight charges over an extra mileage equal to the distance between Port Arthur and Montreal, on their products destined for the markets of Europe, even for the purpose —imperative in the eyes of some eastern interests—of making the transcontinental lines pay dividends. There is a problem here which we have got to solve. We must face it now and parliament would be better employed in the solution of this question than in jabbing Sir Henry Thornton below the belt. The desire of the people is for co-operation with the management of the Canadian National Railways and they intend to keep that system as their own.

Mr. A. M. CARMICHAEL (Kindersley): I have been an interested listener to the debate which has so far taken place because the theme is a very important one. In fact, I doubt if there is any subject before parliament of greater importance than the one we are now discussing. Its importance is due to the tremendous amount of money which parliament is handling as trustees of the people, an amount, I believe, which runs into hundreds of millions. As a previous speaker has stated we are directors of the greatest railway business in the world. I have an idea that at least the important countries of the world have their eyes directed towards Canada, to see whether we are going to make good or not. We are operating under our Canadian National Railway system almost 22,000 miles of railway. We are employing in the neighbourhood of 100,000 men. We have a telegraph mileage in the neighbourhood of 100,000 miles of wire, and we have control of an express company reaching almost all over Canada, and to some parts of Europe. Not only that but we have a merchant marine totalling 60 vessels in all. We have a chain of hotels in strategical places throughout the Dominion of Canada. All these activities come under the management of our Canadian National Railways.

We might think of this management as being focused in the one individual, the president. His name has been mentioned some-

times in a commendable way, and sometimes in a critical way. But Sir Henry Thornton is a big man. I think those of us who have seen him are agreed that he is big physically, and it is my opinion, Mr. Speaker, that his mentality is also very large. It is true he has nine other directors to assist him in the management of this system; but their location stretches from New Glasgow, Nova Scotia, on the east to Prince Rupert, British Columbia, on the west, and it is very hard for them to get together in one place to advise the president. By the way, I notice in looking over the list of directors that there does not happen to be one with a residence in the province of Saskatchewan. I rather think that is a mistake. I am convinced in my own mind that if we had a real snappy farmer from Saskatchewan on that board of directors there would not have been the necessity for asking so many questions about the Scribe hotel. I am quite sure a real practical farmer would have weighed the matter so carefully and advised so wisely that the deal would have been delayed. But, we have this board of directors, and their duties are to operate the trains and to see that freight is carried expeditiously, that passengers are moved about, express handled, and so on. They are naturally obliged to retain the good will of the men who are working, so that they may decrease expenditure, increase revenues and continue to secure more business for the system.

We might ask ourselves, why are we in this big railway business? I think the answer has been given very well by the hon. member for South York (Mr. Maclean). He stated in effect that we were in it because we could not help it. The system of private ownership broke down. If a mortgage company had a mortgage on a parcel of land, and the farmer decamped and did not make good naturally the mortgage company would take over the land. That is just what happened with our railway systems. The private owners fell down. They were not able to make good, and of course the systems came to the government for operation. When the systems were taken over under the presidency of D. B. Hanna there was considerable improvement in the service. I happen to live in a town that is touched by a part of the Canadian National system, and the improvement in the service under the presidency of D. B. Hanna was very noticeable, but there was still room for improvement. There were too many officials and sub-officials flying around, who were not earning their salaries. There was too much extravagance. There was also room for improvement in a good many lines. Under the present president conditions have improved considerably. We had the good fortune in the winter of 1923, shortly after Sir Henry Thornton assumed office, to have him visit the town where I live in western Canada. The impression made by him in that town was a very favourable one. He impressed us, of course, as being just as human as most people. He impressed us as being a man who was liable to make a mistake; in fact there are not very many men who try to do things who are not liable to make a mistake. But in spite of those impressions he also impressed us as being the type of man who was likely to make good.

I need not deal with the financial condition; that has been discussed by the hon. member for Pontiac (Mr. Cahill). He has given figures to show our expenditures are gradually decreasing, and that our revenues at the same time are increasing, and let us bear in mind that the present management has only been holding office for about one and a half years. Let us remember that the president has asked us to give him three years' time—I believe three years was the time limit he put—and has said that at the end of that time the road would be pulled out of the hole and that instead of being a debt producing asset it would be a revenue producing concern. This condition will be brought about largely through the calibre of the man who is president. The hon. member for Pontiac wished to give some of the credit to the government, but it is only a shadow of the credit that goes to the government. I believe the real credit goes to the president of the National Railways for the success that has been made of the system during the past year and a half.

What should be the attitude, Mr. Speaker, of this parliament towards the system that has been forced upon us? I was rather disconcerted, to say the least of it, to find, during the first session of parliament that I attended, that so many members rose in their places and spoke disparagingly of the Canadian National system. I could not understand why they should do so. It was our own system and was on our hands. It was our own money that was invested in it. It was up to us to make good or to lose and I could not understand during that session why so many hon. members spoke as they did. Last session I noticed quite a difference in the tone of hon. members in this House. There seemed to be a different feeling towards our Canadian National system, and I believe that that good feeling in favour of our system is growing, not only in this House but throughout the country. There are

eight and three-quarter million people throughout Canada who are anxious that this system should succeed, and we, the representatives of the people of Canada, should all be anxious to see it succeed. It is right enough that constructive criticism should be offered, but such criticism as the suggestion that we should sell our entire system for a dollar or even less is not going to help promote the welfare of the system now in our possession.

Referring to the amendment proposed by the hon. member for West York (Sir Henry Drayton), it was intimated, I believe, by the hon. member for Centre Winnipeg (Mr. Woodsworth) that he felt the amendment was going in the right direction. Well, Mr. Speaker, to my mind it seems to be a sort of Jacob-Esau amendment. It feels something like Esau to the blind Isaac, but the voice, the tenor, or, the intent of it, is more like Jacob. The amendment calls for a select standing committee to consider the estimates. There may not be anything wrong with that, but it asks further that the committee consider all questions involving new capital commitments. Let us consider what that means. All questions involving new capital commitments would have to come before the select standing committee for their approval. That would mean, I take it, that such a simple matter as the purchase of a railway coach would have to be referred to the committee; such a matter as the purchase of steel for our much needed extensions would have to come before the committee; in other words, any and every matter appertaining to new capital commitments would first have to be passed upon by the committee. That would seem absurd. This House is not always in session; there are some six or seven months of the year when we are not here and the committee would not be available. If, therefore, the management desired to place an order for some equipment that was found to be necessary in September or October they would be tied up until parliament convened and this committee got together.

10 p.m.

Further the amendment asks that the committee consider the disposition of properties and assets and that too would be a dangerous duty devolving upon a parliamentary committee. As regards the suggestion with reference to annual reports, there would not seem to be much to find fault with in that connection. But it seems to me, Mr. Speaker, that this committee would have altogether too much power. If I understand the intent of the amendment, the committee would have power to send for papers and records and to consider all business deals, calling for witnesses as it might deem proper. It seems to me that this committee would so circumscribe the president of the Canadian National Railways that he would be left inactive and unable to carry on his business; in fact, he would be just a figure head. And what would the result be? From my knowledge of the president of our railways, I think he would not be very long in the president's chair before he would be looking for a position in which he would have room to move and to act.

The mover of the amendment may not intend such drastic results but it would appear to me that what I have suggested would be the outcome. I fail to see the need of having a committee of investigation. I can remember that for several days our order paper was almost filled with questions and answers in regard to Hotel Scribe and a certain Aronovici, besides questions relating to the Canadian National Railway business generally. So far as I can see there is a ready source and there are ample means of obtaining information, and to appoint a special committee to sit as a sort of trial judge over the president and the directors of the Canadian National Railways would be taking a step in the wrong direction. For my part I do not feel that I can support the amendment.

Mr. M. N. CAMPBELL (Mackenzie): The excellent showing made by the Canadian National Railways during the last few years is a matter for mutual congratulation, and it is to be hoped that Sir Henry Thornton's prediction of an operating surplus of $30,000,000 for the year 1924 will be fulfilled. There are still, however, many difficulties to be overcome before the people of Canada can view the whole railway situation with equanimity and complacency. The railways have also made a creditable showing during the first two months of 1924. I have here a statement issued by the Bureau of Statistics for January, 1924, which reads:

> Canadian National Railways (Canadian lines) turned an operating deficit of $963,137 for January 1923, into a net operating revenue of $16,989 which was a betterment of $980,126.

I have also a similar statement in regard to February 1924 from which I quote the following:

> Whereas in February 1923 the lines had an operating deficit of $2,986,197 this year the deficit was only $768,681 and the operating ratio was reduced from 122.27 per cent to 105.22 per cent. Freight train loading was heavier by 69.6 net tons and 2.3 cars.
>
> The entire system including the lines in the United States showed an increase in revenues of $1,728,191, a decrease in operating expenses of $774,694 and a reduction in the operating deficit of $2,502,885.

It may be said that January and February are months during which the railways usually anticipate losses owing to severe weather and a limited amount of traffic. I was interested in the suggestion which the minister made in presenting his report, that a small quorum of directors be appointed, presumably from Montreal or the adjacent country, who might be called together upon short notice by the president. This might be necessary; but I would point out that there are certain dangers in such a policy. I know of nothing that would lessen the confidence of the people of Canada, at least of the larger part of the country, in the Canadian National Railways, than to have more centralized control in the city of Montreal. I believe Sir Henry Thornton has caught the popular imagination of the Canadian people, and I think he deserves their esteem; I would therefore rather increase his powers than hamper him by the addition of further directors to his board. I would suggest to the minister, however, that if it be necessary to appoint more directors, the agricultural industry should not be overlooked in the selection of these officers. In going over the figures for 1923 I note that grain was the largest single commodity handled by the railways last year; it furnished the largest tonnage of any single item handled. Further, it was carried the longest distance of any commodity handled by the railway. It seems to me, therefore, that if further additions are to be made to the directorate the industry of agriculture ought to be represented on the board.

The question of capitalization has been brought up so often in the House that I hesitate to introduce it again. However, it is a very important question and I was glad to hear the minister announce that it was being considered by the directors. Against Canadian National gross earnings of $254,926,000 in 1923 we had interest or fixed charges amounting to $65,199,000; while the Canadian Pacific Railway with a revenue of $195,837,000 has fixed charges of only $13,470,000. Taking our roads separately for 1923, that is, as they were classified in the statement for 1922, we find that the Canadian Northern had gross earnings of only $1.85 for every dollar of fixed charges; the Grand Trunk Pacific $2.19; the Canadian Government Railways, $1.79 and the Grand Trunk Railway $6.95; while the Canadian Pacific Railway had $13.98 for every dollar of fixed charges and in 1923 $14.60. In the case of Canadian Government Railways, the investment has been charged up to public debt; and in dealing with these figures I have not taken into account interest or deficit; there has been no pyramiding of interest or deficit as in the case of the Canadian Northern. I wish to quote an editorial from the Manitoba Free Press dealing with this subject of capitalization:

> The time has now come to consider seriously the proposition, which has been frequently advanced during the past two or three years to cut down the capitalization of the system to a point where it will represent the actual value of the road.
>
> It will not be denied that the capitalization of the Canadian National Railway is far in excess of the physical value of the road. In this huge mountain of debt are embedded all the railway blunders of Canada since the first railway was built.
>
> Of the operators of the Canadian National Railway miracles should not be demanded. They cannot be expected to make surpluses sufficient to pay interest charges upon the present combined capitalization of the system. Faced with the certainty that every year there will be a huge deficit, the directors of the system will inevitably get into the frame of mind which finds expression in the phrase: "What's the use?" If there's bound to be a deficit anyway, why worry whether it is ten or twenty million dollars?
>
> But given a just valuation of the road, the directors can be told that they must meet the fixed charges or make way for others who can. They will have a target to aim at and they will be expected to hit it. This will be much more exhilarating and inspiring than shooting arrows into a bog.

Many hon. members have from time to time put forward claims on behalf of the people of the Maritime provinces for special rate consideration, on the ground that the Intercolonial railway was not built as a purely commercial concern but for military and political purposes. And we must admit the justice of that claim. But, Sir, to a certain extent western Canada is entitled to the same consideration. Our natural channels of trade run north and south, and had there been no interference with that trade by way of tariffs we would have been amply supplied with railways from the United States without a dollar of subsidy from the Dominion treasury, and there would have been no railway problem to-day. But the Dominion parliament decreed otherwise; it decreed that trade should be forced east and west, and railways were built for this purpose, and not primarily with the object of earning dividends. The moment you subsidized a railway you admitted this principle. I submit that as conditions are to-day, and as our railways have been built up, trade between the Maritime provinces and central Canada, trade between central Canada and the prairie provinces, trade between the prairie provinces and British Columbia, is entitled to a reasonable rate, a rate at which business can be carried on, a rate that will permit of an exchange of the basic commodities of these various sections of the country, and that the deficit, if any, must in the last analysis be absorbed by the Dominion treasury.

Considerable publicity has been given to the fact that the western region showed an operating deficit of $2,000,000 in 1923. This has been made an occasion for renewing the attack on the Crowsnest pass rates and attempting to prove to the people of eastern Canada that the railways are losing money in handling our grain at these rates.

In the 1922 statement a separate accounting was shown for the Grand Trunk Pacific Railway, and it is worthy of note that that section registered an operating loss of $5,352,000. I think we must all admit that the construction of this road was a blunder. A large part of it is a duplication of the old Canadian Northern main line. And it is not only that the Grand Trunk Pacific does not pay itself, but it draws from the old Canadian Northern main line a great deal of traffic that would otherwise accrue to it, and prevents it from paying. The British Columbia section will, in all probability, never be operated otherwise than at a loss. My contention, Sir, is that, were a separate accounting shown for the prairie section of the Canadian Northern railway, it would undoubtedly register a substantial profit. The records of the Canadian Pacific show that grain handled at the Crowsnest pass rates has registered, without question, a substantial profit to the company. This is proven, if by nothing else, by an examination of the operating ratio of the Canadian Pacific for the last few years. In 1920 the operating ratio, that is the number of cents the railway had to spend to earn a dollar, was 84.7; in 1921, 82.28; and in 1922, 80.55. Now, 1922 was the first year in which the Canadian Pacific handled our grain at the Crowsnest pass rates, and instead of losing money we see that the operating ratio dropped that year, that is, their net earnings showed 19.45 per cent, which was higher than the year before. Mr. Hanna's evidence before the special Railway committee in 1922 elicited the fact that the Canadian Northern railway always paid its way until 1915 when it was joined up with the eastern section. He said that it paid well until 1915, when it was linked with the eastern section, and the deficits after that are undoubtedly the result of the acquisition of the eastern lines. He was quite willing to concede that the most profitable part of the system was that between Port Arthur and Edmonton, and that grain is a cheap commodity to transport, as it is handled long distances in large quantities and unloaded rapidly by machinery. The ideal situation was for a railway to have a large quantity of grain to handle all the year around, that grain handling is a most profitable business, and that the profits from this source in the three prairie provinces have gone to make up for the unprofitable operations in other parts.

[Mr. Campbell.]

Our freight rates, like our fiscal system, are the prey of privileged interests and, until some of the present inequalities are ironed out, we cannot hope to secure for our basic industries the rates to which they are entitled. I have before me the report of an address delivered before the Canadian Railway Club by a member of the Railway Commission, and in referring to the regulation governing the filing of tariffs and of statements, he says:

> I have been struck in looking over these notices recently with the number of voluntary reductions. In a batch of some fifty odd tariff notices which I looked over, a few weeks ago over 50 per cent was concerned with reductions.

I have here a pamphlet entitled, "Fiddling with Freight Rates." It is a reprint of various letters published in the Toronto Saturday Night, written by a supposed railway expert. Dealing with the same question he says:

> At one of the Ottawa investigations in 1922 schedules of voluntary reductions by Canadian railways submitted outlined over a million revisions.

The implication of these remarks is that voluntary reductions always accrue to the benefit of the masses. Now, Sir, this is not always so. It very often happens that in these voluntary reductions a real iniquity exists, as an analysis of some of these figures will show. I do not wish to weary the House with long quotations, so I will content myself with one or two references. Rice from Vancouver to Calgary is carried at a rate of 75 cents per hundred pounds in car lots; but it is carried to Montreal, 2,400 miles further, for the same rate. In other words, rice is carried from Calgary to Montreal free. Now, if 75 cents per hundred pounds is a reasonable rate—and I assume the railways would defend it and claim it was a reasonable rate—then they must lose a large amount of money in carrying that rice through to Montreal, a distance of 2,400 miles from Calgary. Bar iron from Sydney to Vancouver is carried at 60 cents per hundred pounds, or $12 a ton. I do not believe that any hon. member in this House or any reasonably minded man in the Dominion who has given this matter intelligent study would defend such a rate.

It is quite obvious that in handling these commodities at the rates quoted the railways are losing a lot of money, which means that other more necessary things—the basic commodities—must pay the deficit. Railway freight classification No. 17 has recently been

completed by the Canadian Freight Association, and I presume that within the course of a few weeks it will be in effect. This new classification provides for many increases in the carload minimum weights, and also in very many commodities raises the classification. The obvious result is to increase the freight rates in very many instances from 10 to 20 per cent and in some cases as high as 50 per cent. I have here a copy of the Saskatoon Progressive, and I would just like to cite a few of these instances. In the case of agricultural implements the present minimum weight of 20,000 pounds is raised to 24,000. Agricultural implements in which parts are included, minimum weight of 24,000 pounds raised to 30,000. Implements in another classification, 24,000 pounds, raised to 36,000. Barbed wire, a very necessary commodity, something that the farmer must buy, at present carried at 24,000 pounds, raised to 36,000. Hardware, 24,000, raised to 36,000; groceries, 24,000, raised to 30,000. In the case of agricultural implements not only is the minimum weight raised but the classification is also raised from sixth to fifth class. In order to show how this operates to the disadvantage of the consumer I will just quote one or two instances. On a carload of agricultural implements, including repairs, from Hamilton to Regina the minimum weight is 24,000 pounds and the sixth class rate is $1.28, which would mean $307.20 to carry a car of such goods between those two points. Under the new classification the weight is raised to 30,000 pounds and the classification to fifth class, which is $1.55 per hundred, so that under the new classification the cost would be $465, or an increase of about 51 per cent. Take the case of threshing machinery loaded on flat cars; we know that it is not possible to load those cars any heavier than they are being loaded at present; in very few cases indeed where engines or separators are loaded on these cars do the weights exceed 20,000 pounds. Now this is raised to 24,000, which is a direct increase of rate. So that a carload of threshing machinery at present carried from Hamilton to Regina for $256 will under the new classification cost $372. Butter and cheese boxes—and I would commend this to the attention of some of my hon. friends from the province of Quebec, because it will interest them very much—at present enjoy a minimum weight of 20,000 pounds. This has been reduced to 16,000 but the classification has been increased from tenth to sixth class, which means an increase of from 60 to 70 per cent in the freight rate. Vegetables have been increased from eighth to fifth class in carload lots and from third to first class in less than carload lots. Another remarkable rule is that pertaining to coal oil. At most of the small towns the oil companies have their own tanks and their own facilities for handling tank cars and taking care of coal oil. But their competitors and the local dealers are often able to ship in tank cars and unload it in barrels, and sometimes these are shipped in co-operatively by farmers and handled in that way. Under the new ruling, which is aimed directly at the retailers and farmers' co-operative organizations which are competing with the oil companies, a tank car of coal oil or gasoline can be unloaded only on special sidings or where there is a special tank provided to receive it. There is absolutely no justification for this rule; it is a deliberate attempt to squeeze out competition and is one of the mast iniquitous and pernicious regulations I have seen in connection with these freight rates or classifications for many a day.

Another thing worthy of notice is what we call the restrictive mixture, this is, a case of deliberate discrimination against western Canada. In eastern Canada a merchant can get a carload of mixed goods shipped in, part groceries, part hardware, part barbed wire and so on, and get the carload rate and classification for the highest one of the lot. But we have never been able to do that in western Canada. The dealer must have a straight car of hardware, of barbed wire, of implements, of groceries, of dry goods, of boots and shoes, and so on, in order to get the carload rate. We have been all these years paying a very much higher rate; we have been forced to get these commodities sent at less than the carload rates whereas under the rule applying to eastern Canada we would have been able to get the advantage of the carload rate. For many years we have been told that on the issue of a new classification this rule would be eliminated and this discrimination against western Canada done away with, but it still applies against western Canada as it has in the past. It is quite obvious that the classification committees representing the railways, the manufacturers and the jobbers, have acted with a cold-blooded and callous disregard for the interests of retail merchants, the farmers and the great body of consumers in the cities, upon whom, in the last analysis, must fall the full burden of these increases.

It may be said that this element of the population can appeal to the Railway Commission and from the Railway Commission to the cabinet, but I ask any hon. gentleman, in what position are they to fight a case of this kind? It means the employing of expensive counsel; it means protracted hear-

ings running over many weeks and the employment of a staff of clerks specially qualified to deal with these questions, to secure information that very often only the railway companies possess. I would strongly impress upon the government the necessity of dealing with this by legislation. When this element of the population must stand these increases it seems to me that they should be represented on the classification committees that frame these freight classifications in the first place.

I have here exhibits numbers 1 and 2, being figures placed before the Board of Railway Commissioners by the Canadian Pacific Railway Company and the Canadian National Railways in connection with the application of the Express Association for an increase of rates in 1922. These figures show that in 1922 the Canadian Pacific Railway passenger earnings were $283,749 less than the operating expenditures chargeable to that branch of the service—that is, not taking into consideration the fixed charges or dividends. When we come to the Canadian National the difference is very much greater: the figures show an operating loss of $8,416,000 on the passenger service alone, Canadian lines only. This reveals a very serious condition of affairs. The total operating surplus of the Canadian National, Canadian lines, is $11,656,000, so that an operating loss of $8,416,000 in the passenger service would show that the freight traffic taken separately registered on operating surplus of $20,072,000. This means that the people engaged in the basic industries, lumbering, fishing, mining, agriculture, and so on, were made to pay this $8,416,000, in addition to their share of the overhead of our railway, to provide a passenger service for those who are able to travel. Luxurious, palatial trains, five of which cross the continent every day, are provided largely for a privileged class, those who are able to travel, and provided for out of earnings of those engaged in these great basic industries.

We are getting an exceptionally good service on the Canadian National Railway today, a service we are proud of. I say that the Canadian National Railway, in the service it is giving to-day, both freight and passenger, takes second place to no railway on the continent. We are proud of it, and we appreciate what Sir Henry Thornton has done in giving us this service. In my own constituency, and I say this without fear of successful contradiction, in the territory served by the Canadian Pacific there are considerably more complaints of the freight and passenger service than there are in the districts served by the Canadian National Railways. But when we analyze these figures, it seems to me we are getting a little too much service. If we come down locally to the territory between Montreal and Ottawa, have we not more trains than are required to give the necessary service? Is not the same true of our transcontinental trains? Between here and Toronto it seems to me there are more trains provided than are required to maintain that service. When I was coming to Ottawa recently on the Canadian National train, on leaving Winnipeg I went through the coaches and checked up the passengers in order to arrive at some idea as to the service, and I found only three persons in the first-class coach, leaving Winnipeg, only eight in the colonist car, and only about one-third of the sleeping accommodation taken up. I know that people will complain, and complain bitterly, of any curtailment of the passenger service, but if these figures are placed fairly and squarely before the people of Canada, if they are shown that their grain, their cattle, groceries, lumber, food, the necessaries of life, and the products of their basic industries, are made to pay this $8,500,000 operating loss on passenger service, it seems to me they will get loyally behind the administration of the railways in a reasonable curtailment of service. I would strongly impress upon the minister the necessity of going into this with Sir Henry Thornton and seeing if some arrangement cannot be arrived at, possibly in conjunction with the Canadian Pacific, to curtail some of this service and save the people a great deal of money.

In considering the whole railway situation, it appears to me that we are largely straining at a gnat and swallowing a camel. This House was engaged for over a month in an academic discussion of the tariff. The tariff is very important; we are all interested in it, but it is not nearly so important to the people of Canada as transportation. We are vitally interested in the tariff in western Canada; but put the two issues squarely before us and ask us which is the more important, and without a moment's hesitation we will answer transportation, and yet we consider here that a few hours' discussion is all that is necessary for the consideration of this all-important question. It may be only the hand of fate, but it seems to me that we spend a great deal of our time trying to find how many things we can disagree on. We centralize on the tariff, the most contentious issue that comes before the House, and when a great question like transportation is up we pass it by with hardly a moment's notice. I hope in the days to come we will take the matter a little more seriously than we are taking it at the present time.

Mr. T. G. McBRIDE (Cariboo): Mr. Speaker, at this late hour I do not intend to take up the time of the House very long. I just want to make a few remarks in connection with some suggestions that have been made by the right hon. leader of the opposition (Mr. Meighen) when this debate on the Canadian National Railways was taken up in this House in the first place. He seemed to think the railway was not doing its duty when it did not spend another $5,000,000 for repairs to rolling stock. To me one of the indisputable proofs of the great improvement that has taken place in our railway system, is that it had not to spend this $5,000,000. I can remember in 1921 going along the Grand Trunk Pacific from Lucerne to Fort Fraser. At that time it was not safe to walk along the aisles of the cars unless you were accustomed to railway travelling. I remember asking the divisional superintendent what effect such a condition of the roadbed had on the rolling stock, and I remember his answer that it was costing the Canadian National Railways millions of dollars each year for repairs to their rolling stock, in not having the roadbed in proper shape. I passed along the same roadbed, over the same railway, about a month before I came to Ottawa, and the roadbed was in entirely different shape. You could walk through the train any place you wanted in comfort. The result of that improvement of the roadbed is that the Canadian National Railways do not have to spend this extra money on repairing their cars. They have put the roadbed in such shape that there is not the tear and wear on the rolling stock that there was when the roadbed was not in shape.

In connection with the amendment how many boards are the Canadian National Railways going to have? First, they will have their president and his board, then they will have to come to a board of this House, then go to the Senate, then if this amendment goes through, come back from the Senate to another board of this House. Where will all that land the Canadian National Railways? In my opinion it will land us, in the first place, without a president and I think we have at the present time a president that Canada has just reason to be proud of, and one whom I hope to see at the head of the railways for many years to come and I think it is up to this House to see that he gets a free hand.

There has been a good deal said in this House about the Hudson Bay railway. Now I do not think it is right that that should ever be loaded on to our Canadian National Railways. If this government has made mistakes, and I think both the old governments have committed themselves to this railway, and it is the desire of the government to complete that road, it is up to the government to complete it and then hand it over to the Canadian National Railways and give them a bonus to operate it. But do not let us load on to the man who is trying to make our roads a success, another burden in a railroad of that kind.

I would like to take up some of the time of the House on the Canadian Government Merchant Marine, but as the hour is getting late I do not know that I will. I am pleased to note that the government has disposed of four of these boats under 5,000 tons. I would like to see them dispose of more of them. They have some 28 still on their hands, under 5,000 tons. It would occur to me that those boats could be made use of if new hulls were built for them, and the present machinery put in, and put on the lakes to carry grain. In this way the government would be in a position to compete with the grain carriers on the lakes, and these boats would not cost more than half what a new boat would cost. I think the government would be well advised and fully justified in experimenting with at least five or six of these boats, having new hulls built for them converting them into lake carriers of the latest type and using the machinery they now have in the smaller boats. I see no reason why they could not be made a success, and in that way the government could determine what it would cost to carry grain.

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): Mr. Speaker, I was informed the leader of the opposition (Mr. Meighen) wished to speak. I should like him to have the opportunity of doing so but as he does not seem desirous of availing himself of it I shall say a few words and they shall be very brief.

In the first place I point out that this is the first time in the history of the Canadian parliament, as far as I know, that it is proposed to refer estimates to a committee. The House is not being asked in this amendment to do something recommended in a motion proposed by the leader of the opposition when he was at the head of the government, or by the present Prime Minister when he was leader of the opposition. They did not ask for any of the things which are asked for in the present amendment. A reference to their speeches will show that what they proposed has no bearing on what is now suggested here. Let me read the amendment itself:

That a select standing committee on National Railways and Shipping is hereby appointed, to consider the estimates for the Canadian National Railway system and the Mercantile Marine, and all questions involving new capital commitments and the disposition of properties and assets, and that as well to said committee be referred during each session the annual reports of the said system and Mercantile Marine for such inquiry as may be exercised by, and with such powers of inquiry as are possessed by, the select standing committee on Public Accounts with relation to the Auditor General's report; and further, that said committee be entrusted to make recommendations to this House as to what further, if any, details for improvement of method should appear in said annual reports; provided, however, the whole of such powers shall be so limited that no matter of operation the inquiry into which would in the opinion of the management be prejudicial to the system shall, if the reasons for such opinion are deemed sufficient by the commitee, be made a subject of inquiry; and that rule No. 10 be amended accordingly.

Now, no motion of this kind has ever before been brought before this House so far as I can learn from a reading of the debates in former years. But the principle involved here is a very broad one; it is a departure from the practice which has prevailed heretofore. That of itself does not merit condemnation, but I wish to emphasize that what was proposed in previous resolutions bears no relation at all to what is proposed here. I repeat, this is a departure from the procedure we have always followed in this House, and one can readily see that such a departure is fraught with danger. The sacred right of members of parliament to discuss the details of the estimates must be retained; and no select committee can be allowed to usurp the functions of the committee of the whole House in this respect. It is possible that the committee of the Whole could be relieved of certain work; but every member of that committee must retain his right unimpaired to discuss the estimates no matter how many other committees are appointed.

In the United States the system adopted is the following: The estimates are referred to what is called a budget bureau. At the head of that body is an official whose duties, I imagine, bear some relation to those of our Auditor General; but from what I can learn he is entirely separated from any department of government other than his own. The estimates are referred to this budget bureau with an official at its head, and they are scanned and certain recommendations made to the House. Sometimes these recommendations are discussed, but as a matter of fact the opinions of the budget bureau have, since the establishment of that body, been almost universally accepted.

A great many people—I admit that until a few days ago I was of the opinion myself—

have had the idea that estimates are submitted to a committee in the British House of Commons. Such is not the case. Many years ago an effort was made to have the estimates so referred. The reason given for that at the time, if I remember correctly, was that expenditure on defence, be it naval or military, should be kept secret, and a committee was appointed to deal with the details of these estimates so that information of a confidential character might not be made public. In later years, I think it was about 1912, an effort was made to have a committee appointed to revise the estimates, but the effort failed. In 1917 it was again revived and the late Mr. Bonar Law opposed the suggestion, upholding for the reasons to which I referred a moment ago, the right of the committee of Supply to deal with this question. However, he did agree that the committee appointed should make reports and suggestions as to any improvement that could be made to the method of voting supply. The committee made several reports, but I believe none of them was ever acted upon; and my information is that at the present time the estimates are not referred to a committee in the British House of Commons.

I am not going to discuss in detail the speech of my hon. friend from West York (Sir Henry Drayton); I am confining myself solely to the question of whether the better course is to refer estimates to a committee of the whole House. I want it clearly understood that the government has nothing to hide with respect to any matter that comes before the House; and it is not with any such idea in mind that I have made the observations I have. I do not know whether it would be wise for the Canadian parliament to admit the innovation of referring the estimates to a committee. However, I do object to giving a committee the power to call up officials of the Canadian National Railways and say to each of them "You are under oath, Sir. What have you got to say?" I think that is not a dignified way to treat the management of the Canadian National Railways. No such treatment as that is extended to the management of any railway in the world. If it be necessary to investigate anything that may be considered wrong, parliament has made full and ample provision for the necessary machinery in the Public Accounts committee. Each year, but not until after the business is transacted, the Auditor General's report of the previous twelve months, is referred to the Public Accounts committee who can make full investigation under oath into every transaction.

Mr. MEIGHEN: Does the minister mean every transaction of the National Railway board?

Mr. GRAHAM: I am speaking generally. Very many transactions would not be in the Auditor General's report.

Mr. MEIGHEN: None of the National Railway board's transactions are in the Auditor General's report.

Mr. GRAHAM: You will find the transactions of the Canadian Government railways are, and everything in connection with them, I imagine, can be examined if it is so desired. I would raise no objection to that, as that is the usual method of investigation. In this case, however, my hon. friend from West York is asking for a special enactment to provide that the estimates should be sent to a committee; not only that, but that the committee shall have power to call witnesses and examine them under oath. Now, I submit, Mr. Speaker, that if we are going to make a success of the Canadian National Railways it must be by co-operation and not by the establishment of new machinery for the purposes of inquisition, whether inquisition be necessary or not.

What position would it put the management of the Canadian National in, if throughout the year they are liable to be haled before this body of inquisition, whether there is any charge or not, and the railway managers placed on a plane inferior to other managers—not only that, but inferior to members of the House of Commons, because members of the House of Commons can say all these things in committee or in the House, without having to take the oath as to their accuracy, but the board of railway management has to submit to be sworn every year this committee sees fit to investigate what it is doing. I think it is not the right attitude to take if we want to make the system a success. I am in favour of co-operation between parliament and the Canadian National Railway board, and for that reason I am prepared to accept a proposition for a committee along certain lines. I have a precedent for this proposition, a precedent referred to last year by the leader of the opposition himself, and that is a resolution moved by the present Chief Justice of the Exchequer Court, who was a colleague of my right hon. friend for quite a time, a gentleman who knows the inside workings of the Unionist party, and knows the inside workings of that government. He was a member of the Liberal party, and knows the inside workings of that party. He is now in the Exchequer Court, and with this combination of information, his opinion ought to be pretty good. In 1921 he moved the following resolution in this House:

> That all words after "that" be struck out and the following inserted in lieu thereof:
>
> Rule 10 of the House of Commons relating to the appointment of the select standing committees of the House, be amended for the present session by adding to the select standing committees of the House for the present session a select standing committee on Railways and Shipping, owned, operated or controlled by the government, and that the special committee appointed to prepare and report the list of members to constitute the standing committees for the present session, be instructed to prepare and report the list of members to compose the select standing committee on Railways and Shipping owned, operated or controlled by the government for the present session.

Mr. Maclean was very careful to make it for the present session, knowing it was an experiment, and he wanted to see how it would work out. That was wisdom. The amendment of my hon. friend makes it a standing committee for the future, and I would not be prepared to do that with any committee, because this is an experiment, and the members of the House of Commons may not care for this experiment once they work it out. What did Mr. Maclean have in his mind? I will read one paragraph from his speech, as I think it conveys what I have in my mind perfectly. He says:

> What I seek to do is to afford the opportunity for the management meeting a committee of the parliament of Canada who represent the people so that, sitting together, they might discuss all the important matters relating to the railway administration,, and I suggest, Mr. Speaker, that only through a parliamentary committee can this be done.

Some of the matters referred to have to be discussed at greater length a little later on, and without making any further remarks I am merely suggesting the resolution to which I think the House might well adhere, and which the government is prepared to accept. It has this feature which was outlined by Mr. Maclean; it brings the management and the committee of the House together, to sit down as man to man and discuss these problems. There would be no question whatever, and no difficulty, in getting all the information that it was possible to have in detail. I admit the accuracy of the suggestion made by my hon. friend from Kindersley (Mr. Carmichael) that it does sometimes seem a little peculiar that a deputy gives the minister the details, and the minister gives them to the House. Quite often it happens that the minister does not give the same details to the House that the deputy gives him, because his hearing may be bad. I admit there is something incongruous about that. In this trial committee which I have suggested, the deputies could

appear with the management of the railway, the deputy acting as a go-between between the government and the board of management. In that way I believe every detail could be secured by this committee, and would be open to the public as well; so that when we came into the House to discuss the details of estimates, there would be no question about the minister being wrong in his information because the members of this House would have had that information direct from the officials themselves. I would suggest to my hon. friend from West York as a fair compromise in the trying out of this new departure of handing estimates to a committee, which is only an experiment, the proposed resolution which I will read to the House. Of course I would not commit this government or any other government to continue this committee, because it is a real departure in principle from anything we have ever had in this this House. Instead of the resolution moved by my hon. friend, I would copy the resolution proposed by Mr. Maclean partially, but not at such great length. My suggested resolution would read:

That rule 10 of the House of Commons relating to the appointment of the select standing committees of the House be amended for the present session by adding to the select standing committees of the House for the present session a select standing committee on Railways and Shipping, owned, operated or controlled by the government, to which will be referred the estimates of the Canadian National Railway and the Canadian Merchant Marine for the present session for consideration and for report to the House, provided however, that nothing in this resolution shall be construed to curtail in any way the full right of discussion in committee of Supply.

I do not move this as an amendment to the amendment, because that cannot be done in going into supply.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): The time which I have had to consider this suggested amendment of the Minister of Railways is very brief. It now amounts to about two seconds and a half. However, the amendment really is not before us except as indicative of the attitude of the minister. His suggestion appears to be that we should submit all the estimates of the Department of Railways and Canals—

Mr. GRAHAM: No, no.

Mr. MEIGHEN: Then I have got it wrongly.

Mr. GRAHAM: Canadian National Railways and the merchant marine.

Mr. MEIGHEN: There is not much else except the canals. He desires to submit to this committee the estimates of the Canadian National Railways and the merchant marine for this session, and provide that the submission to that committee should not affect in any way the right of discussion in committee of the Whole. I think now that I grasp the full meaning of what the minister suggested. I will refer to it as I proceed a little further with the discussion. In commenting on the time at which I spoke, which the minister did not seem to like, I really am surprised that he took exception—

Mr. GRAHAM: Oh no, I did not care.

Mr. MEIGHEN: I do not care to pursue a debate until we have some little intimation of where the government stands. We have had several speeches from hon. members to my left, and one from the hon. member for Pontiac (Mr. Cahill); but the House was left in entire ignorance of any idea that might be in the minds of the government, much less as to the course it intended to pursue in respect to a definite motion and a proposal before parliament. Further the Minister of Railways had spoken in debate prior to the speech I made myself. I wondered why he should object to my speaking again. I am not going to make much mention of some rather uncalled-for, wholly unfounded suggestions or insinuations, some of which came from the hon. member for Pontiac—and if I needed any other reason for ignoring them I consider that sufficient—others of which came from hon. gentlemen to my left, to the effect that if you criticise anything connected with the management of the road you are failing in that idolatry with which the whole nation should look up to the mighty personage at its head; you are laying hands on the Ark of the Covenant; you are stepping on holy ground; and you are liable to incur the eternal penalty. To suggest that anything could be wrong or that anything indeed could fall short of perfection in the operation of this system is to commit the unpardonable sin and to be forever debarred from political reward.

11 p.m.

I am not one of those who look forward to the Canadian National Railways ever going into private hands. Long before hon. gentlemen opposite became enthusiastic for the National Railways I stood in this House and on many a platform in Canada and declared that now that we had them they were to be our property, and that they would be the possession of our people after hon. gentlemen were many years in their political and, I feared, in their physical graves. This is still true; and whether Sir Henry Thornton stays or leaves the roads will still remain the pro-

perty of the Canadian people. Why, therefore, these suggestions should be made, that anything at all in the way of criticism or even in the way of proposals for the betterment of the system or of the scheme of management, or of review, is dictated by the foes of the road or, still worse, dictated by friends of a private company, the Canadian Pacific Railway, I know not. I know of no reason for any such imputation; I can only attribute it to mad and mean political animosity.

I became in some degree responsible for a policy which, however it may have been favoured by others, was certainly not favoured by the Canadian Pacific Railway; and I took the consequences of that position. Many of those prominent in that system came out manfully in opposition to that policy, and to the consequences I submitted. And I would be prepared under similar circumstances to do the same again. I resent therefore, particularly at the hands of those whom also I had to fight in this House, the suggestion that I am affiliated or connected with any private company whatever, or that those who speak as I do in this debate have any other object except to safeguard the public welfare.

Yes, the present management of the Canadian National Railways is entitled to fair treatment; so is the present head of the system. I do not know that I have ever observed at the hands of any on this side of the House or of anybody in the Dominion anything but the fairest treatment ever accorded him. I know of no public servant who ever entered the service of Canada who has received as fair, as generous, as flattering treatment as Sir Henry Thornton has been given. Some one suggests that I attacked him before he came; but as usual the one who makes that suggestion takes good care not to quote the attack. No word of attack ever escaped my lips, not even up to now, save where Sir Henry Thornton exceeded the authority given him by his board of directors and the Parliament of Canada, and many months after he had come. Those who think otherwise I now invite, while I am on my feet, to state wherein I attacked him. No; he has had fair treatment at our hands. But I wonder what was the treatment accorded his predecessor by those who now hold everybody associated with the road as sacrosanct, beyond even the suggestion of criticism. Why, day after day in this House no attack was too vicious, no suggestion too mean, no vitriol too heated to pour upon his head. Assertions were made which, if made beyond the walls of parliament, would have been libellous; and they were made day after day. And even the then leader of the opposition went on the stump and condemned not only the head of the railways but the directors as well as men so associated with other companies which were doing business with the road that they could not honestly discharge the duties of their office. From that party now comes the appeal to hush the lips of all; we must not dare criticise anything. Yea, more than that, we are told that if we see something which we think is wrong, which we know is wrong, we must ignore it; for behold! that is evidence that the man is alive: nobody except a dead man could help making mistakes, says the Minister of Railways (Mr. Graham). So that if we find any mistake we must immediately bow down and worship it inasmuch as it is an evidence of activity on the part of the president of the Canadian National Railways. Is that not the argument the minister used?

Mr. GRAHAM: No.

Mr. MEIGHEN: Those are his words, then.

Mr. GRAHAM: No.

Mr. MEIGHEN: At all events, that is supposed to be the attitude we should assume.

Mr. GRAHAM: No.

Mr. MEIGHEN: Well, if it is not we will not assume it; and in not assuming that attitude we are not failing in justice to the system. Now, sir, what is the amendment before the House? The amendment is that there should be some committee with definite powers to review, at such time and under such restraints as will not interfere with the management of the system, the record of the system in the past. The amendment goes further—and I will refer to this second feature before I cover the first fully. It suggests that the future programme of the National Railways be subject to review by that committee, but only to the extent of its capital investments and its proposals to sell the property entrusted to it for mangement or in part thereof. I hope hon. gentlemen understand the purpose of the amendment. It is not the intention of the amendment that proposals regarding those things which the directors are there to sell shall first be reviewed by the committee; subject to that review shall be such suggestions only as to the sale of that property which the directors are supposed to manage and not to

sell. These things should first be reviewed by the committee, just as they should now be reviewed by the government and parliament.

The Minister of Railways takes exception to this second power of the committee. He declares that to refer estimates to a committee of this House is something new. I admit that; estimates have never yet been referred to a special committee of parliament. But the estimates to be referred in this case are not the entire estimates; they differ from the other estimates in one particular, and one very great particular: they refer to the purchase of new property for the people of Canada to be operated by the government railway system, and they refer to the sales of property which we already have decided should be operated and not sold.

Hon. gentlemen will see at a glance that these are estimates of an extraordinary character; in the one case we have estimates and in the other proposals. The estimates which it is here proposed to refer to the committee are estimates of a character that never before, until we acquired the National Railways at least, have come before parliament or the government. But it is not altogether a new suggestion that a committee of this House should review estimates. I would not favour submitting to a committee the ordinary estimates which year by year we have reviewed; but I was somewhat surprised that the antagonism of the minister to the review of estimates by a committee should be received with applause by hon. gentlemen to my left. Why, I had to stand in the House three years ago and resist the proposal coming from the very party that sits to my left. The hon. member for Neepawa of that day, Mr. Davis, on frequent occasions pleaded in this House that all the estimates should first be reviewed by a committee, and that until this was done we could never get that retrenchment and economy which we should have. Not only did he so plead, but he was supported by man after man, and while I do not speak positively, I am pretty sure I could name hon. gentlemen opposite who supported his plea. And it was stated repeatedly by the hon. member for Neepawa at that time and by others—I have not reviewed the matter but I now accept the minister's statement that it was wrong—that this system was followed in the British House. According to the minister, it is only adopted in respect of special estimates for the purpose of secrecy. Well, these are special estimates. We do not want them so reviewed for the purpose of secrecy, but we want them so reviewed because of their special character, and because this will be a committee which will have especially under its custody matters concerning the National Railways and the mercantile marine I do not see any very great objection to testing out the system of special review of estimates by a committee, referring and embracing in its scope, for the time being, any way, simply the limited class of estimates named in the amendment.

But I do not regard that as a vital feature of the amendment. I would be glad to accept some concrete proposal from the government which would cover the other features of the amendment. Cheerfully would I accept such a proposal. But is the minister's suggestion a concrete proposal? His suggestion is too much like the proposal of the hon. leader of the Progressive party (Mr. Forke). He wants a committee too. His study of the subject has brought him to that conclusion. But what he wants a committee for he does not know! I asked him specially to tell me, but he did not succeed. I do not believe in appointing committees until we give them definite work to do—definite responsibilities and definite powers. For this reason I argued against the motion of the former hon. member for Halifax, Mr. Maclean, three years ago. You get nowhere by appointing a committee simply on a certain subject, with no special powers and no special duties. This seems to be what is in the mind of the leader of the Progressive party—at least he did not feel like going further until he found out where the government stood. We want a committee, and we want to tell the committee what subjects it should take care of, what its powers should be, and the character of the recommendations it is entrusted to make. What is the value of appointing a committee on the subject of the National Railways and the mercantile marine? "Oh" we are told, "they will co-operate with the directors." Well, I am pretty nearly tired of the word "co-operate" until I know what powers the committee are going to have as distinct from the powers of the directors. I suppose they could co-ordinate too; there would be no objection to that. And perhaps, to borrow the favourite word of the ministry this session in the Speech from the Throne, they could "stabilize" something. We could fill in all these meaningless phrases, but the committee would be a mere nonentity, it would be utterly worthless for the purposes of this House.

Now, does the minister suggest any reason why a committee could not usefully review

the operations of the system that are now closed, subject to the very ample restraints, if not too ample, embodied in the amendment itself? He suggests no reason at all. In fact he says, "I am prepared to let the Public Accounts committee do that." Well, I am prepared to accept the Public Accounts committee. Let him bring in an amendment to this effect, and I shall be prepared to accept it. The Public Accounts committee cannot do the work now. All the time that we have had the Canadian National Railways we have never been able to review those accounts. I do not care particularly up to what date, but there must be some time when the accounts can be reviewed by the representatives of the people who pay the money. And if the minister is prepared to move in this House that those accounts be dealt with in the same manner as the other accounts of Canada are dealt with by the Public Accounts committee, subject, if he likes, to the restraints embodied in this amendment, which certainly are complete, then it will be satisfactory to me. And if there is any other restraint that he feels is reasonable and necessary in order to give the management all the scope and all the freedom from embarrassment they need to make the railways a success, then I am prepared to accept that amplification of the restraints embodied in the amendment. Can anything be more reasonable than that? This is all we ask. I shall expect the government to come forward this session—for evidently they purpose to defeat this amendment—and propose in this House at a very early date, so the work can be undertaken this session, a committee with full powers which the minister suggests should now belong to the committee on public accounts. The minister says there should be no power of summoning witnesses and putting them on oath. I wonder has not the Public Accounts committee that power?

Mr. GRAHAM: Surely.

Mr. MEIGHEN: It is true that a member must show that he believes that in the public interest there is reason for doing this. Certainly the directorate should be entitled to that protection in any committee. Nobody ever suggested that any parliament should empower a committee to examine men on oath unless someone takes the responsibility of saying that there is reason in the public interest to do it. To all the safeguards against recklessly putting men on oath which now pertain to the Public Accounts committee, or which would pertain to the minister's case if he moves for a reference to the Public Accounts committee, there will be no exception taken in this end of the House at all. But is the minister to say that in relation to all other matters affecting the Dominion, all the departments of government in relation to every dollar spent in this or spent in that you can summon the minister himself, you can summon the deputy, you can summon all the officers of the Crown and put them on oath, but in relation to anything affecting the National Railways you cannot put anybody on oath at all, and that whatever you get you must get by co-operation and by sitting down side by side in an aimless and blind committee?

Now, there are some special reasons why we should lose no time in affording this machinery. Never in the history of the late parliament was such machinery resisted. It is true we did not solve all the problems connected with the National Railways, but we solved the most and the biggest of them, and we indicated the line upon which this problem should be solved, but the session of the House at which it was intended to carry on the work of the committee under General Mewburn was not held. We have passed through nearly three sessions, and this government has not made the slightest progress towards providing the machinery for taking care and assuming the duties of review which this parliament allows the public of Canada. We have let years go by and hundreds of millions of dollars have been spent with no system of review at all. Now when we seek this machinery we are told by hon. members that we are pin-pricking the road, that we are doing something awful for which we should be haled before the bar of public opinion, simply because we dare to suggest that the hundreds of millions of the people's money should, under proper safeguard so as not to interfere with the management, be subject to review by the representatives of the people in parliament.

I said there were special reasons why we should lose no time in affording this machinery. I could not help but note that the Minister of Railways in respect to some of those suggestions by my hon. friend to my left, the mover of the amendment, should be so brief as to be totally silent. Brief was he in his main address on the question of the Scribe hotel; still briefer is he now. I wonder has this parliament done its duty to the country in relation to that matter? Has this parliament not been under some soporific influence, seemingly wholly unable to reveal to the people the real character of that transaction?

I have had an opportunity this afternoon of reading the correspondence that has been brought down with relation to this matter. Let me say this: The purchase of this hotel in Paris was a breach of law, was a misappropriation of funds, was an exercise of jurisdiction never conferred on any board or any man by the Parliament of Canada. The minister says himself it was a mistake; I compliment him for his frankness in that respect. But three million dollar mistakes are things that the people of this country cannot afford altogether to ignore. Let us examine the circumstances under which this so-called mistake was made.

A gentleman by the name of Aronovici came into the employ of the National Railways apparently on the first of December, 1922. This was about the time the present president of the Canadian National Railways assumed his duties. He is reported as first of all giving attention to immigration and colonization, some things of that sort—a general securing of business for the road in Europe. For the months of December, January, February, March and the half of April, four and a half months, he was paid for that work $5,625, as shown by a return brought down to this House just a few weeks ago. That is at the rate of $1,100 or $1,200 a month. This is a man of mighty ability; he certainly must be something of a superman—taken on, to spy out the immigration possibilities, just occasionally, for an occasional report—occasional services paid for at the rate of $1,100 to $1,200 a month. But the beginning was trifling; wait until we see what comes. So wonderful was his work that on the 15th of April he was given what is called permanent or regular employment at the rate of $15,000 a year, approximately the rate at which he was paid for these special services. But Mr. Aronovici was not going to have his valuable time wasted at the rate of $1,100 or $1,200 a month, so he set out to make a little on the side. He took an option on the Scribe hotel. Just when he took the option is not revealed in this correspondence, but Aronovici was doubtless in the employ of that company when he took the option. If he was not, I ask the minister to deny it now. Was not Aronovici in the employ of the National Railways when he took the option on the Scribe hotel? The minister, I think, knows he was.

Mr. GRAHAM: I am not admitting anything. It was not my bargain; I did not make it, and I do not know. I have given all the data to the House that has been asked of me.

[Mr. Meighen.]

Mr. MEIGHEN: The minister has done nothing of the sort. Not only has he not given to the House what has been asked for, but he has not given to the House what this House ordered. This House ordered on the fifth of May that there be brought down—

A copy of all papers, reports, valuations, letters, receipts, vouchers and any other documents relating to the different transfers of the Scribe hotel, Paris, France, and its purchase, including copies of instructions given to the Deputy Minister of Railways and his reports to the minister; also a return of all letters, papers, reports, estimates and other documents relating to the renovation and repair of the said hotel.

The first document relating to this, so far as I would judge—certainly among the first—would be the option of Aronovici. The option Aronovici got on that hotel is not in these documents brought down. Aronovici when he got that option was in the employ of the company to whom he sold the hotel. Nor is the contract under which Aronovici got it in any way before this House or yet revealed to the public of Canada. What is revealed is so patchy and sketchy that anybody reading it will know that it is only an indication here and there of what actually took place. Does the minister suggest to me that this notification to himself on the 31st of May is the first knowledge he had of that transaction? According to this correspondence the president of the National Railways did not notify the government until the 31st of May, 1923, that he had buried nearly 40,000,000 francs, approximately $2,700,000, in a hotel in Paris. The minister will not say he had no intimation up to that time. I do not think he will say so; if he would, the position of Sir Henry Thornton would be utterly indescribable before the Parliament of Canada.

Mr. GRAHAM: What date have you got there as being the date on which the arrangement was made?

Mr. MEIGHEN: The whole affair started on the third—

Mr. GRAHAM: That is not the question I asked. The member for West York (Sir Henry Drayton) stated this afternoon that the transaction was made on a certain day.

Mr. MEIGHEN: On the 30th of April the whole details were completed, put in writing by Sir Henry Thornton, agreed to by Mr. Aronovici. A month after, on the 31st of May, after the money was all gone, irretrievably gone, we are asked to believe the minister was informed for the first time, and informed by the gentleman who is erected into the status almost of godhead by hon.

members of this House. I cannot attribute to Sir Henry Thornton that conduct; I must assume that he apprised the Minister of Railways otherwise than is shown by this correspondence. But we are asked to accept the statement of this correspondence—and it is given every appearance of bona fides—that the minister knew nothing of it until the 31st of May. Why, four months before, or almost that, on the 3rd of February—mark you, practically two months after Sir Henry Thornton assumed his duties, and before one would imagine he had a very thorough acquaintance with Canadian conditions, with Canadian finances, and with the circumstances of the National Railways—he communicates with Mr. Roy. Now, will hon. gentlemen really follow me while I disclose to this House what he communicated with Mr. Roy about—Mr. Roy is Canadian Commissioner for this country in Paris. I think his title is Trade Commissioner; at any rate he is a commissioner of some kind for Canada. With him Sir Henry Thornton first consults as to the purchase of a site. He recalls that they were acquainted with each other when Sir Henry Thornton was in the British army in Paris, and he goes on to say:

I am anxious to provide the Canadian National Railways with adequate office accommodation and a proper representation in Paris, apart from purely traffic matters.

I do not get the significance of those words. It would appear to me that traffic matters, passenger and freight traffic, would be what he was interested in, and little more.

We are already well represented there from that point of view.

I ask hon. gentlemen to note: The president admits that so far as traffic goes we are already well represented there,—the very day he opens up the correspondence. And here is what he is looking for on behalf of this Dominion:

I want a well-located office where our literature, time tables and, in general, the allurements of Canada, can be exposed to the public. I do not know quite how you are situated with respect to office accommodation; but it occurred to me that perhaps there might be an opportunity for co-operation between the government and ourselves to our mutual advantage. I would suggest the acquisition of a suitable building, properly located, and preferably on the Boulevard des Capucines, somewhere not far from the intersection of that boulevard with the Rue Edouard VII.. The ground floor could be occupied by the railway company with exhibits and literature of various sorts in charge of a competent staff, and the upper floors, which no doubt would be more suitable to your requirements, would be used as offices for the High Commissioner. I think the offices should be of a dignified character and thoroughly in keeping with the importance of the post you occupy and the National Railway system. If this idea should commend itself to you, I should be very happy to collaborate with you here with a view to bringing the suggested plan about. I have asked Mr. William Phillips, European manager of the Canadian National Railways,' to see you upon his return to Europe, as he is here on a business trip. Meanwhile, I would appreciate any comments you may care to send on the subject.

Here we actually have the president of the Canadian National Railways, two months in Canada, undertaking to buy a block in Paris for this government in order to show exhibits and the allurements of Canada, and in order that Mr. Roy will have something suitable to his position. Do hon. gentlemen really conceive the presumption that is embedded in the epistle? If Sir Henry Thornton were of that opinion was it not his duty to communicate with the government of Canada, and not with the Trade Commissioner or the High Commissioner in Paris? Even the first initiation is an assumption of a function that he did not possess at all. But we go on. Mr. Roy replies:

Letter received. Entirely in accord with you. Am writing.

And then another letter goes from Mr. Roy. So far as Mr. Roy's letter is concerned, it bears to me evidence of bona fides. He recalls that they did know each other in Paris. He goes on to say what he thinks the government of Canada ought to be doing in Europe in the way of getting immigrants, and appears to think we could be getting immigrants from France. The letter is somewhat long, and for that reason alone I do not read it. But I call attention to this paragraph:

Mr. Aronovici tells me that you have asked him to take charge of your office in Paris. I know that he is a man of large experience and unbounded activity.

I agree with both. But mark! Aronovici already, on the 3rd of February, has been asked by the Canadian National Railways to take charge of their office in Paris, he the man who in his pocket at that time held the option for the Scribe hotel!

There is this also in the letter which I have marked, and I do not want to conceal any of it; if any hon. gentleman would like me to read the whole of it, I would be glad to do it. But it appears to be bona fide as far as I can see:

There is a corner to be sold at this moment which would be an ideal one.

That letter is dated the 9th of March, the answer to the letter of the 3rd of February. It goes on:

It will be expensive, no doubt, but there is none better in Paris. You will remember the Grand Cafe with the Jockey Club and the Hotel Scribe upstairs. The

whole building is announced for sale. It would be too large for our requirements, but a part of it could be easily rented and bring in a very large revenue. The amount to be paid for that property may discourage the Minister of Finance and frighten parliament.

Well, poor fellow, had he any conception that the Minister of Finance was not to know anything about it until the money was gone, and that parliament was not to know anything about it until a good while after, and not know the real truth for almost a year after? There was not much use in the minister being discouraged or in parliament being badly frightened after the horse was stolen. Aronovici, though, had the option on the Scribe hotel, and Mr. Roy recommends the Scribe hotel with a warning that it is going to be high. Then this cablegram goes forth from Sir Henry Thornton dated the 9th of April, almost two months before the minister is supposed to have known anything about it. It was sent to Phillips:

Please repeat to Roy in confidential cypher following:

Understand from Aronovici that the property now occupied by Grand Cafe and others on the corner of the Rue des Capucines and the Rue Scribe can be acquired for purchase price of 30,000,000 francs, to which must be added government tax of 3,600,000 francs, and an additional amount of about 3,600,000 francs would have to be paid present tenants to secure early possession, making total of 37,200,000 francs. Beyond this we have to lay down about 3,500,000 francs to adapt building to offices for you— ,,

That is for Mr. Roy:

—and railways, including cinema gallery for propaganda purposes. Building larger than government and railways require—surplus space can no doubt be rented to advantage. Please say firstly whether you endorse proposition in principle, secondly whether you consider purchase price reasonable, as I have no personal knowledge of Parisian property values. It would be necessary to move fairly quickly, as there is an option on property expiring April 20—

Eleven days after this cablegram was sent. The last words are:

Cable reply.

And now it will be known that two questions are asked Mr. Roy: First, do you endorse the purchase in principle? This was totally unnecessary because Mr. Roy, with unbounded enthusiasm, had endorsed the idea of a grand purchase, even the purchase of the Scribe hotel, in his previous letter of March 9. So the only question of importance asked him was: Do you consider the purchase price reasonable? This question Mr. Roy very discreetly evaded. His reply was as follows:

Rue Scribe property would be ideal one for our work. Would recommend it strongly if it could be bought on reasonable conditions. ,

That is an evasion so skilful I almost commend it to the Prime Minister himself.

[Mr. Meighen.]

Mr. GRAHAM: The leader of the opposition does not need it.

Mr. MEIGHEN: No, he does not; he never evades anything. Just imagine the president of the National Railways and Mr. Roy negotiating for the purchase of a property from $2,000,000 to $3,000,000 for the government of Canada, without the government knowing anything about it! The agent in Paris is the man he negotiates with, and the man that has the option on the property and is going to make the money out of it. This is the proceeding we are supposed to commend. But the worst is yet to come.

Next is this telegram dated the 16th of March. So far as the record shows, nothing took place between the 12th of April and the 16th of March, save a letter which I will read in a few moments, a letter dated the 30th of April, which embodies the contract, and which I purpose to embalm in Hansard for the curiosity of the Canadian people for all time to come. If the lawyers of this Dominion will just study this contract under which the Scribe hotel was bought, and if any two of them can agree on what on earth it means, then I think at least there will be a considerable degree of credit coming to them for their friendship. But prior to reading the document I am going to read this cablegram. It appears on the record ahead of the document, and is dated the 16th of May. This is addressed to the precious Aronovici by Sir Henry Thornton:

Bank sending money to Morgan's with instructions to pay to you, on receipt of deed to you and mortgage to us, satisfactory to Phillips, London, who will come to see you. Bank will also require a demand note from you on the whole amount as evidence of their advance, which note this company guarantees you against.

So the purchase of the property there was authorized, and a cablegram was sent to Phillips, ordering him to come to Paris, to see the letter of April 30th in the hands of Aronovici, to get a lawyer to approve title and deed to Aronovici and mortgage to this company. At this stage the best thing I can do is to read the letter, dated 25th May, from Sir Henry Thornton to the manager of the Bank of Commerce, at Montreal. This is the letter under which the money was extracted from the National Railway treasury and planted in this property in Paris, and the circuitous route that was adopted to do it is really so delectable that I hope none will miss the import of a single line:

In connection with the advance made by your bank of 38,232,161 French francs—

And then in brackets:

—($2,608,330) to Arnold Aronovici for which his note has been issued payable on demand at 6 per cent, funds have been deposited by the Canadian National Railways in a special account in the Montreal branch of the Bank of Toronto in the sum of $2,608,330.

Some amount!

This money is not to be withdrawn from the Bank of Toronto until the note and interest thereon is paid. You are authorized at any time to call for the payment of the said advance with interest after giving the general treasurer of the Canadian National Railways five days notice of your purpose so to do, and if the principal of the said note is defaulted you are empowered to apply the deposit to the liquidation of the defaulted principal. Any failure to pay the interest on the note is to be brought to our attention, but no part of the deposit is to be used for the discharge of this indebtedness.

It could not be very well used for the interest because it was exactly sufficient to pay for the principal, but the effect of the arrangement is this: The National Railway board took $2,608,000 odd dollars out of the treasury, put it in the Bank of Toronto, asked the Bank of Toronto to send $2,600,000, the same amount, over to France, but to leave this money on deposit. If the money was not paid on six days' notice then they could take the amount on deposit and apply it. Hon. gentlemen are wondering, I know they are, why that method was adopted. Hon. gentlemen are wondering why the company did not send the money over. We deposit the money in the bank, tell the bank to send over the same amount, and bind ourselves to hold that money in the bank and let the bank apply it in payment, if it is not paid after six days' notice. Why in the world go round all these circles? Well, if hon. gentlemen wonder why that was done I think I can tell them. It was because the purchase was illegal from the beginning, and because they wanted to keep it in the shape of pretending to lend the money to Aronovici, and all the while Aronovici was borrowing it here, the bank was lending it to Aronovici. I do not know how otherwise to describe the transaction. The very course pursued shows that the straight course could not legally be pursued. Now, I ask the minister why the money was not taken and sent over? If they had the right to buy that property they had the right to pay for it. They had the money why did they not pay for the property? It is because they wanted to get something which would evade the law and they resorted to subterfuge to get round it. Even trying to do that they did not succeed. The Canadian National Railways of this country have no authority in the world from this parliament—and they could get authority nowhere else—to guarantee the Bank of Toronto the payment of that note. I do not think the legal director of the National Railways would say that. I may say I consulted him on the point. I am surprised to find that the Canadian National Railways had no power at all to give that guarantee.

Mr. GRAHAM: What did he say when you consulted him?

Mr. MEIGHEN: I will tell you what he said. He stated to me that the guarantee was not given to be binding—in a word that a verbal guarantee was not legal so there was no real breach; but it is given in writing and the railway company had no power to do that. I am not finding fault with the legal director. He found himself in this position and had to resort to the best scheme possible to get out of it. But why did he, or why did the management, ever get into that position? After this is done we are supposed to believe that six clear days elapsed before the minister knew a thing about it, and this is deemed to be only a mistake.

Now I come to this mysterious letter, this contract of the 30th April. Here is the contract under which the deal was consummated. It is consummated by a letter of the president to Aronovici, and the reply of Aronovici accepting the letter of the 30th April, of the president. Aronovici writes on the 22nd May, still nine days before the minister is supposed to know anything about the transaction, and this copy does not show who he writes to but manifestly it must have been to the president. The letter is as follows:

Referring to the letter from Sir Henry Thornton, chairman and president of the Canadian National Railways, addressed to me and dated April 30, 1923, reading as follows:

Then the letter is recited and in order that hon. members will understand I will read all except the letter first:

I beg to state that the terms and conditions stated therein are accepted by me and this letter is given in full acknowledgement of the same.

Yours faithfully,

A. Aronovici.

Now what is the letter which he accepts:

Arnold Aronovici,
2 and 4 Rue Edouard VII,
Paris.

This is a letter from Sir Henry Thornton:

Dear Sir,—I am writing this letter to you for the purpose of reporting our understanding of a tentative arrangement made with you respecting the acquisition of a location in Paris, France, for the offices of the Canadian National Railway Company, and for the Dominion government should they desire to avail themselves of the space.

DESCRIPTION: The property to be acquired is shortly described as follows: the property facing the Boulevard des Capucines at the corner of the Rue Scribe now occupied by the Jockey Club and the Grand Cafe.

It will be recalled that Aronovici's option had existed for months. Indeed that is the first option, unless renewed, and we are utterly helpless to judge because the correspondence does not show anything about its renewal. It is the first option, unless renewed, that Aronovici held on the 20th April, a month before this letter was written, before the reply was written, and ten days before Sir Henry Thornton's letter was written:

You are to acquire the property in your own name for amounts not to exceed the following:

(a) 30,000,000 francs for the building and lot;

(b) Twelve per cent on this amount for the taxes payable to the government of France;

(c) 3,600,000 francs for the removal of existing tenants;

(d) 300,000 francs (estimated) for fees and commissions;

(e) $50,000 (estimated) for sundry expenses; making an estimated total of 37,500,000 francs; the equivalent thereof, to be supplied by us in Canadian dollars at the rate of exchange of the day; in addition to which we also furnish the $50,000 estimated for sundry expenses.

Payments: The railway company has advanced to you, to enable you to bind the bargain, $200,000.

When that went we have no information whatever.

Security: The railway company is to be secured for all its advance by a mortgage executed by yourself upon the property for the amount advanced, to be returned to the railway company in Canadian money.

Terms of security: Interest at the rate charged us by the bank in making advances per annum, payable half-yearly out of the rental as specified below. Principal repayable in 20 years, or such additional time as may be necessary to enable the sinking fund, hereinafter provided, to retire the whole indebtedness.

I would like to go slowly because I know that nobody can follow me unless I read it several times. But so far it appears to be this, that the company advances all the money, the property to go into the name of Aronovici, Aronovici to give a mortgage back to the company for the whole amount of the advance and for the rate of interest charged at the bank, Aronovici to give the bank a note for the moneys he got at the bank, and the note to lie there as collateral security to the government's guarantee to the bank. That is the simplest explanation I can give so far, but the complication has only begun. Then the next:

Occupation: The railway company is to take space on the premises as follows:

Basement, space for cinema.

First floor, space for exhibition hall for Dominion government.

[Mr. Meighen.]

Actually locating the different floors before the government knew even that they had the building.

Exhibition hall for Dominion government, and offices for Canadian National.

Second floor, about twenty rooms for Dominion government.

I call the attention of the minister to this. Here we have Sir Henry Thornton aware of how many rooms the Dominion government were to take, and actually allotting them the rooms just exactly a month before the Dominion government knew anything about the property.

About twenty rooms for the Dominion government, and the same number of rooms for the administration offices of the railway company.

They were certainly going to spread themselves all right.

Detailed measurements and locations to be subsequently agreed upon and subject to change on mutual agreement.

Rental—

This is really delightful.

Rental: To be agreed upon between yourself and myself as president of the Canadian National Railways.

Rental of the property they paid for—rental of the property, every dollar of which was gone to purchase, and for which they would hold a mortgage in return.

Payment of interest: Interest shall be payable out of rental.

What is meant by that?

Mr. CANNON: Rental of the offices.

Mr. MEIGHEN: But the government owned them.

Mr. CANNON: The Canadian National Railways owned them.

Mr. MEIGHEN: I mean the Canadian National Railways. Why would they be paying for them?

Mr. CANNON: Whoever rented offices outside the Canadian National Railways would pay rent.

Mr. MEIGHEN: This says that interest shall be payable out of rentals. What would the government pay interest for? I know the hon. gentleman who interrupted cannot understand it, and there is no brighter mind on the other side of the House. Wherever you go you run into a stone wall.

Mr. CANNON: The government rented the property, and if they rented offices to anyone else, they would charge them rental.

Mr. MEIGHEN: My hon. friend does not get the full wording. In the letter from Sir Henry Thornton to Mr. Arnold Aronovici, he says:

Now, as to payment of interest—

Who would be paying the interest, let me ask? He says that interest shall be payable out of rental. The government would likely have to pay a rent if they took some of the rooms, but what would they be paying interest out of the rental for? The National Railways bought the building and paid for it. Why would they be paying interest out of rental?

Interest shall be paid out of rental, so far as it goes, being deducted by the railway company.

My hon. friend will see he could not have been on the right track. But I do not blame him; he will struggle over this for months and will not get on the right track, unless of course he sees Aronovici. The document continues:

No interest shall be payable on the advances made under this agreement, until the rental begins; in other words the railway company charges no interest on its advances until concurrent with its occupation of the premises.

I despair. I will offer no explanation of that. I will leave it for any hon. gentleman who wants to try it. The next thing is:

Equipment of space: You are to furnish soon as possible to the railway company suggestions and estimates as to the best use to be made of the space taken and the equipment to be provided.

Principal payments: You are to pay $25,000 per annum, Canadian money on account of the principal.

I figured it out, and I find it would take about 111 years to pay for the property, so that Aronovici could not complain of the liberality of his terms. There is a provision for acceleration on account of the principal.

Provided that, if and when the exchange between Canada and France so improves that the franc comes up to par the payments on account of principal, while the franc remains at par, shall be doubled.

Option to purchase: the railway company may at any time, within ten years purchase the whole of the property upon the following terms—

Will the House believe me when I read the terms? They are:

(1) Discharge the mortgage above provided, upon payment of all interest to the date of discharge, but sinking fund payments previously made go to you with interest at the same rate of interest as fixed in the mortgage.

I am sure the member for George Etienne Cartier (Mr. Jacobs) would like me to read that again.

Mr. JACOBS: Why bring me into it?

Mr. MEIGHEN: I noticed a look of blank dismay on the hon. member's face when I read it. I do not know who is to pay the interest. Evidently the railway company is to pay it, but what on earth they would pay it for I do not know, or why Aronovici would keep the sinking fund I do no know. The next paragraph reads:

(2) Compensate you for your expenditure from your own funds on the building, plus 5 per cent on such expenditure.

(3) Should the purchase be made within five years, a ten per cent commission on the total purchase price shall be paid to you for management and other expenses.

Blessed is the name of Aronovici. The government puts up every cent, pays him interest on it, lets him keep the sinking fund and then pays him 10 per cent for managing it so well.

Should the purchase be made between the fifth and tenth years—

That is in the second five years—

—twenty per cent commission on the total purchase price shall be allowed to you for management and other expenses.

Let me see: That would be approximately $525,000. No wonder Aronovici retired. I do not say he got it because the option apparently was taken up in the first five years, but if it had waited five years he would have got that amount. As it was under this contract he had a right to half of it, or $260,000 odd on the purchase from him, who was himself an agent of the company.

Insurance: You to insure the building and improvements to an insurable value to be agreed upon making the loss if any payable to us as interest may appear.

Why it was necessary to put things in that were to be agreed upon, I do not know. It is mere surplusage. However, it does not do any harm.

Rental, terms: The railway company is to execute the usual Parisian contract for rental or space in Paris. The period of rental to be fixed by the railway company.

Name of building: While the railway company occupies space in the building, no other name than the Palais Canadien shall be used as a description of the building, without the consent of the railway company.

Mr. JACOBS: I hope the right hon. leader of the opposition does not object to that.

Mr. MEIGHEN: No. He was evidently determined to get rid of the name of Scribe hotel.

Form of Mortgage: The form and terms of the mortgage to be satisfactory to us, the mortgage of course to be a first mortgage, free from prior liens and charges.

Yours faithfully,

H. W. THORNTON.

I emphasize the word "faithfully." This was dated April 30. The letter of Sir Henry Thornton and the reply, of May 22, constitute the contract; and it is out of the meshes

of that contract that the Deputy Minister of Railways was despatched to France to endeavour to rescue this administration. It was while that contract tied and entwined this parliament that we had the debate last session as to the real facts connected with this transaction; and after the whole thing was done Sir Henry Thornton writes to the Minister of Railways and deigns to inform him as follows:

May 31, 1923.

Dear Mr. GRAHAM:

For some months the necessity for a more aggressive campaign in Europe on the part of the Canadian National Railway system has been apparent to me, if we are to get our share of the European business, and likewise develop a constructive immigration policy?

In this connection let me observe that the Canadian National Railway system is not in possession of ocean-carrying passenger vessels and therefore cannot develop an immigration traffic overseas. In this regard it is not in the same position as the Canadian Pacific Railway.

Mr. GRAHAM: It is not in the same position as the Canadian Pacific at all, but it can do a great deal in that way providing traffic for the National Railways and directing it thither from other ships. It is true the Canadian National system has not its own vessels, and to that extent it is at a disadvantage; but overseas traffic can be directed to the National roads.

Mr. MEIGHEN: Does the minister mean passenger traffic?

Mr. GRAHAM: Take immigration traffic for example.

Mr. MEIGHEN: It seems to me that the government could do something in that regard without any special efforts on the part of the National Railways. I do not want to digress from the main subject, but I think there is very valid objection to this government maintaining an expensive immigration service of its own, and our alter ego, the National Railways, maintaining another. And that objection can be pretty well illustrated by just what has developed here. It seems to me that in so far as the question of immigration is made an excuse for this purchase there might well have been some discussion between the government and the president first, because I do not accept the immigration theory at all as any warranty for the purchase of the Scribe hotel. We do not get any immigrants from France; we have not succeeded in securing any for years, the number being virtually negligible. As every one knows, the French government is strongly opposed to the encouragement of emigration from that country; and as to diverting emigrants from Europe, I presume something might be done in that direction. But undoubtedly the railway was already equipped towards that end in the matter of traffic,—and the word "traffic" embraces passengers as well as freight. And Sir Henry Thornton admitted in his very first letter that the Canadian National system was equipped from the standpoint of this accommodation. I proceed with the letter:

Two months ago I brought the matter to the attention of our board of directors, outlining in a general way what I thought should be done, and the board expressed itself as being in accordance with my views. There has been abundant evidence that our inactivity abroad was losing us a certain amount of business, and you may recall, for example, the statement made recently on the floor of the House by an hon. member, complaining that the National Railway system was unknown in Europe.

I venture to suggest that the statement was the most expensive utterance ever made on the floor of this House, and I cannot think now to whom I should attribute the responsibility for it.

One of the essential implements in the solicitation of business, as well as for the purpose of advertising the Dominion of Canada as a whole, is proper quarters at strategic European points.

It looks as if we were in for a series of hotels.

We are already properly housed in London but we have no quarters on the continent. I therefore considered it necessary to secure offices of sufficient prominence to meet our requirements in that territory. Early in this month, an opportunity developed to secure a property at the corner of Rue Scribe and Boulevard des Capucines, close to the place de l'Opéra, and in the centre of the banking and transportation district: briefly it may be said that this location is in the very heart of the city.

This had occurred nearly four months, or at least three months before. But that may be merely a mistake of memory.

Immediate action was necessary, as I had known from authentic sources that other interests were considering the property. Accordingly, I immediately arranged with an agent to purchase the property, and employed the support of the Canadian National Railway system in arranging suitable financial credit.

Does the minister think that was a fair statement of the facts? I ask him in all seriousness. Was it fair to the minister, was it fair to the government, to conceal the fact that the agent employed to purchase the property had already held for months an option on it himself? In the next place, was it fair to state that the arrangement for financing was temporary when, as shown in the contract of April 30, the arrangement for financing contemplated 110 years?

Mr. GRAHAM: My right hon. friend will find his calculations wrong as to time.

Mr. MEIGHEN: At the rate of $25,000 a year how long would it take to pay $2,700,000? I have it worked out before me; at $25,000 a year it would take 100 years to pay $2,500,000, and the amount is more than that; I think it is nearly $3,000,000. I do not think that the extension of time to 110 years will convert the transaction from a permanent one into a mere matter of temporary financing. There is not the slightest evidence of any temporary financial arrangement to be found on the whole face of the file; not a document, not a suggestion of any kind is there to indicate that the matter is anything but a permanent acquirement of property, save what I read in the latter part of the letter, a very significant feature:

The deal was immediately consummated, and simultaneously negotiations were entered into with a responsible syndicate not connected with the Canadian National Railway system, for the purpose of taking over the property, and with a view to our becoming tenants. These arrangements have now been completed and the syndicate has agreed to take over the property, subject to certain details.

Outside of the assertion of the minister, there is a definite, conclusive, inescapable statement; and the whole file can be searched from beginning to end for the slightest reference to any attempt to get a syndicate or the slightest testimony of the existence of a syndicate at all. The minister told us last session, just as we are told here, that the deal was complete for another syndicate to take the property over, and that we were to be out of the transaction at the price we paid for the property; all of which turns out wholly incorrect. Would that we were out of it! I do not know, though, that the taking over of the property by a syndicate on terms of our renting the property at a figure that would represent a profit to the syndicate would be getting very well out of the transaction. But if there is any way of getting any one to take it at anything approaching the price we paid for it, yes, at half or a good deal less than half what it cost the country, it will be a lot better than our putting up with the loss year after year. I go on:

There will be reserved for the Canadian National Railway system such space as will be required for its purposes, and also for such departments of the Canadian government as may wish to avail themselves of this opportunity.

Should the provincial governments also wish to take advantage of the opportunity, they will be treated in the same way as the Canadian National Railway system.

The president of a few months of our National system started out to get accommodation in Paris for the Dominion government and for the provincial governments without deigning to consult a member of any of the whole ten governments.

It is the intention to locate, if possible, in the building offices for Canadian institutions, so that the property will be and will become known as a Canadian headquarters in Paris and on the Continent.

The "Palais Canadien."

I regard it as fortunate that the Canadian National Railway System has been able to secure such advantageous quarters at a reasonable rental—

By the way, there is nothing in the whole thing to give the slightest indication what the rental is, or even that any rental is payable.

It would be unwise and undersirable in the interests of the Canadian National Railway System that full details of the transaction should be known—

This sentence I enthusiastically concur in.

—until all arrangements have been completed, but I may say for your information that Major Bell, the deputy minister of Railways and Canals and Mr. Gerard Ruel, vice-president in charge of the legal department, have full knowledge of the entire transaction and are prepared to join with me in a complete endorsement.

Well, I find no endorsement on the file. For that I congratulate the two gentlemen referred to. If there should be one I would say, all the worse for them.

Now we come to the fall, October arrives with nothing on the intervening file at all, not a letter, not a telegram. We are asked to believe that not one single communication passed between the notification to the government in May and the following October. Does anybody imagine that to be correct? Is not this parliament being denied information which we ordered to be revealed? And is there any reason for denying us this information? Is it going to help the Canadian Pacific to the injury of the National Railways that the truth about this should be known? This has not the slightest thing to do with the operation of the system; this is a capital purchase away over in Europe beyond the scope and beyond the jurisdiction of the directorate altogether, even if rightly done. Certainly there must have been communications between the month of May and the month of October. In the month of October a contract is submitted to the National Railway board for ratification. Apparently Mr. Bell had been in Europe trying to extricate the administration and the directorate from the mess into which they had precipitated themselves. Mr. Bell came back and submitted for approval this contract made between himself—representing the National Railways, but subject to the approval of the board of directors and the Dominion government—and

Mr. Arnold Aronovici. I will read the description of him:

Mr. Arnold Aronovici of Paris, acting in his capacity of temporary proprietor of the building situated at the corner of the Rue Scribe and the Boulevard des Capucines, Paris, known at the present time as the "Palais Canadien."

That is his description, and I commend to the delectation of parliament those fine words, "temporary proprietor". Now the terms of this agreement I can give. It is not altogether very clear, but it is an infinite improvement in its clearness, though not in its ultimate effect, on the original agreement upon which it was built and for which apparently it is now a substitute. But, mind you, the terms of the original agreement are what constituted the weapon which extracted this agreement from the National Railways of Canada, that is, from the treasury of Canada. It is recited that the government had advanced the sum now of 38,232,161.75 francs to Mr. Arnold Aronovici for the purchase of the property. That money was already gone. It included the original purchase price which Arnold Aronovici quoted the National Railways. What his option price was we are never told, we never get a hint of it; in all the answers to our questions it is evaded. That amount included 3,600,000 francs for registration fee to the French government; it included 3,600,000 francs for settling with tenants; in included 300,000 francs for fees and commissions—I wonder where those commissions went unless to Mr. Aronovici—and it included 50,000 francs for sundry expenses. Add those up and there is still a gap between that amount and the 38,000,000 francs which the government paid, and regarding this deficiency we are not favoured with information. Now then, over and above the 38,000,000 francs odd which already the government had advanced, this agreement made by Mr. Bell—and no doubt he did the very best he could after they got into this position,—called for the payment of 650,000 francs more. Payment to whom? Well, it goes without saying that it was to Mr. Aronovici. He was to get that in order to liberate himself. Let us just contemplate this:

—in order to liberate himself from all contracts he may have made to the present time with any parties whatsoever with regard to the "Palais Canadien"—

Arnold Aronovici up to this time held the "Palais Canadian" for the National Railways. If he had made any contracts they were ours. Why in the world would we pay him 650,000 francs to get free of contracts of which we should have had the benefit if there was any benefit in them? 650,000 francs to liberate himself from his contracts for us. Would that we could have paid the same to liberate us from his! But that is not all:

For architectural work, plans, estimates and expenses —to be justified—in view of transforming the basements, ground floor and first floor of the "Palais Canadien"; 169,000 francs (temporary estimate).

All these things were not included in the original option at all or in the original contract with Arnold Aronovici. These apparently are just some other methods of getting rid of Aronovici without paying him the 10 per cent commission called for by the original contract, and I do not think it will take hon. gentlemen very long to come to that conclusion.

These two sums are to be paid at the latest by the end of December 1923.

But there is a lot more yet:

The sum of 700,000 francs will be held at the disposal of Mr. Arnold Aronovici at the bank before December 31st 1923,—

I should in all fairness explain that this is a translation from the French, and consequently the language may not sound just as it would in the original. But the meaning is easily got at.

—and he will have to produce a receipt for the said sum from the Société du Jockey Club, the expense of which receipt will be borne by the C.N.R.

Now, it will be recalled that in the original sum, much less than 38,000,000 francs, there was included 3,600,000 francs for paying off the tenants, of whom the Société du Jockey Club was one. Now if he can show a receipt from that Jockey Club for some 700,000 francs or under, he is to get that money too, and if he can show a receipt from the Société Française La Rente Foncière—that is, I believe, the company from which he had the option, although I am not certain of that—he is to get up to the balance of the 700,000 francs. Here is provided for this man, in addition to the whole sum, in the first place, of the contract, 650,000 francs to be paid him to liberate him from contracts, 169,000 francs for the plans and 700,000 francs for some other supposed claims that he had in respect of La Rente Foncière and in respect of La Société du Jockey Club. Now, apparently he is getting more than all this, but what for I do not know. Then, the contract proceeds:

Mr. Aronovici will receive within the period mentioned in article 3, and from the same bank, the amounts due to the Société Française La Rente Foncière, for which amounts he will have to produce a receipt from the said company.

Then there is a lot more, principally to make clear that all further expenses in con-

nection with this, that and the other thing are to be paid by the Canadian National Railways. In case the Canadian National Railways do not go ahead they are to forfeit 500,000 francs and he is to do the same thing if he does not go ahead. But why he would not go ahead I will ask hon. gentlemen to imagine. Then, the contract is to come into effect when approved by the board of directors and by the Canadian National. There is a provision also that if Madame Aronovici has any claim she must release it too. It is a pity there could not have been something paid to her in order to liberate her from any intricacy in which she might have been involved.

Now this contract was ratified by the Canadian National Railways. The matter then was submitted to the government and on the 17th of December the government passed an order in council congratulating themselves on the splendid bargain that had been made and authorizing the National Railways to go through with it. I do not need to read the order. It recites that they have formed a company among the subsidiaries of the National Railways, a company with power to hold the stock of any other company. So they formed a company in Paris under a French name.

Mr. CARROLL: A bad thing, that French name.

Mr. MEIGHEN: Well, I did not say it was. What does the hon. member interject that for?

Mr. CARROLL: My right hon. friend suggested that it was a French name. There was a little inference there.

Mr. MEIGHEN: No, there was no inference. I stated they formed it under a French name, and I did not have the name before me, that was all, I know what the hon. member had in mind.

Mr. CARROLL: May I ask the right hon. gentleman a question? Suppose everything he says is true, has he a remedy? Does he suggest a way in which the National Railways can be looked after better than the present government is doing it?

Mr. MEIGHEN: Yes, I think I do, but that is rather a poor escape from the position the hon. member got himself into. Now, I go on. The French company has its stock held by a subsidiary company of the National Railways. The stock of that subsidiary company is of course held by the National Railways. The National Railway stock is held by the government of Canada, so as hon. gentlemen will see, we are the owners of the Scribe hotel. We are the real owners of it by ownership of the stock of the companies that own it. Now, I ask, where has gone into blank space that syndicate that was to relieve us of this incubus? What has become of it? Did they take a look at the Scribe hotel or take a look at Aronovici? If so, what was the reason of their vanishing into thin air? We have heard nothing of this syndicate this session except that it does not exist. I do not doubt for a minute that the government have scurried about the financial offices of New York trying to get somebody to make some sort of deal to relieve us of this white elephant. I do not doubt it for a minute, because the government assured this House last session that the syndicate deal was complete, just as the government was assured it was complete by Sir Henry Thornton himself. Under this delusion the members of the House rested for many months.

Mr. JACOBS: I do not think the government said it was complete, because on several occasions I asked the Minister of Railways and Canals whether he had any information to give the House as to the completion of the deal and he said he had not.

Mr. MEIGHEN: Was not the hon. member's question as to the personnel?

Mr. JACOBS: No, I asked him—

Mr. MEIGHEN: I think so. The minister would not give us the personnel. He stated it was a mere temporary financing; that arrangements had been made to take it over, and Sir Henry Thornton had so stated to the minister in writing, in his letter of the 31st of May. I know the minister would not give us names, and I never could understand why. He said it would be bad in the making of arrangements with the tenants in the Scribe hotel, as if it made any difference to the tenants who owned the building or who did not; if they had to get out they would make the best terms they could. I could never see any force in the reason the minister gave, and I do not think the hon. member for George-Etienne Cartier (Mr. Jacobs) saw any force in it either.

Mr. JACOBS: If the right hon. gentleman will pardon me, I asked the minister in the last days of the session whether he had any information to give the House as to the completion of the deal with the New York syndicate, and he said he did not have any information.

Mr. MEIGHEN: That may have been the way the hon. member put it of course I could not be expected to remember the exact wording. But I put myself in the judgment of hon. members of this House of all

parties if in the original discussion the minister did not give us to understand precisely what Sir Henry Thornton gave him to understand: That the syndicate arrangements were completed but that he could not reveal the names because of the negotiations pending between the syndicate and the tenants of the Scribe hotel.

Now, this House has a right to understand this transaction. Some hon. members may want to pass it over as a mere mistake; that, of course, is their privilege. Those who take a more serious view of their responsibilities to the people for the money of Canada will certainly, I think, take a loftier attitude toward the subject than that. I ask hon. members to read this correspondence from end to end, all of it that is revealed. Ask yourselves first, is this a real record of the transaction, a complete record, or is it not? If you feel it is not, ask yourselves, why is the intervening correspondence not here? Why is there not something to tell us what took place between those awful gaps? Ask yourselves next, is this whole contract such as to inspire confidence in the management of that great system? That it is an excess of jurisdiction all of us know, and it is more than an excess of jurisdiction. Just imagine the position this parliament is in. For years this parliament and the government of Canada have looked forward to the time when we could get suitable quarters in London, England. We have never felt we were in a position to do so, even at the price of a million dollars and something over. But without being asked at all, without the slightest consultation, without even the government being apprised of the negotiations, the president of the National Railways calmly plants nearly twice that amount in the Rue des Capucines in Paris.—and that is what is described as a mere mistake.

I want hon. members to reflect on two or three other features of this correspondence. I wonder did the minister observe that in that letter to him of 31st May, in which the first information was given him of the transaction, so we are asked to believe, Sir Henry Thornton describes its merits and all about it, or is supposed to have done so, and he never tells the minister the cost; he does not even indicate what it was costing at all. Did he consider that of no importance? Let the minister look through the correspondence and he will find that in the whole body of it there is not a single valuation by a solitary soul of the Scribe hotel in Paris, not the slightest word to justify the opinion of any human being that the property was worth the money paid—not only no word, but an utter absence of reply from the only gentleman to whom Sir Henry Thornton ever appealed to get a valuation of the property.

Under those circumstances I ask hon. members to sit down and think of the responsibilities of this parliament. Are we going to go on in this fashion, or are we going to have some means by which transactions can be reviewed, and reviewed in time to be of some service, that is as respects at least further investments of the Canadian people in capital acquirement? We cannot review, to be of some service, mere matters of operation. That is impossible, but because such is impossible let us not disrobe ourselves of the responsibility that we have such as we can effectively exercise. Let us live up to our responsibility to the best of our capacity. Now I ask the minister, if he is determined that the House shall vote down this resolution, not to let many days elapse before he does bring down a plan to parliament in line with the recommendations in his address, some line that we can pursue, some path that we can follow by which we can discharge responsibilities that are justly and inescapably our own.

Mr. CARROLL: Supposing this whole Hotel Scribe proposition is wrong: what proposition has my right hon. friend to put before parliament whereby our railways may be run without interference from parliament?

Mr. MEIGHEN: There is one embodied in the amendment. Under the law as it stands to-day the government of Canada must advance to the railways, their prior assent being secured, moneys for capital investment. The railway company has no authority save what parliament gives it. It could not have any authority save that. It is a parliamentary creation. We have never given it that authority. Such is the law to-day. My first remedy then is that the government see to it that there is no excessive jurisdiction exercised by the National Railway board, that when it is done, instead of passing a blessing upon it and standing in this House and defending it, as the Minister of Railways did a year ago, he severely reprimand the president of the railways and let him understand that that kind of thing cannot be pursued, that investments of that kind are not of the nature of investments that are required in the ordinary course of operation. They are just as far the antithesis of it as you could conceive. Next, when it is done, that the government do not pass an order in council, as they did in this case, approving of it and declaring what I do not think they believed and what

the minister at this session has admitted that he does not believe that it was in the interests of Canada. That is my first suggestion. Second, that we take the additional precaution in respect of these matters that are new in their responsibility, of having a committee of this kind review them, review them not in any way detracting from the power of the whole committee of parliament, but review them by way of additional precaution. Thirdly, I would recommend that we have a standing committee which under proper restraints, at a sufficiently subsequent time, can take before it all expenditures of the railways, and if it is believed that the investigation of any is in the public interest, investigate them effectively and finally. This, I believe, will be a restraint upon the perpetuation of the system that has already been launched in that railway.

Mr. CARROLL: I have no doubt in the world as to the broad-minded view taken by my right hon. friend, but if there is going to be a railway in this country, I would ask him who is going to have the management of that road—a committee of parliament or the management to which parliament has already turned over the roads. If that management does wrong, I presume the Minister of Railways is responsible, but I fail to see the ground that my right hon. friend takes when he says: You may have a railway in this country, you hand over the management to them. If they go wrong, then there is something that is certainly almost libellous that may be cast towards my hon. friend the Minister of Railways. I would ask my hon. friend how were the National Railways conducted for two years previous to the advent of this government to power? You had a board of operators at Montreal. Did you take full responsibility for them? I suppose you should.

Mr. MEIGHEN: I have answered the hon. member. His first question was: Who should manage it? As I have stated repeatedly, and as I wish to emphasize now, the management should be undoubtedly in the unrestrained control of the directorate.

Mr. CARROLL: Absolutely.

Mr. MEIGHEN: Now my hon. friend asks, how was it managed before? In accordance with that very principle. No acquisition of new property such as this, or any other property not a mere detail of operation, was ever launched upon by the old directorate without a prior vote of parliament and the authorization of the government.

Mr. CARROLL: Suppose a question came up necessitating a quick decision. Would my hon. friend come to parliament or the government for that?

Mr. MEIGHEN: There is no quick procedure ever needed in any matter of acquisition of capital; there never was. Who would suggest that this procedure was needed or should have been done quickly? It is not practically necessary. As a matter of fact, at that time parliament was sitting.

Mr. W. M. GERMAN (Welland): Mr. Speaker, it is certainly with a considerable degree of diffidence that I rise at this late hour to speak on this question of very great importance, and particularly in reply to the right hon. gentleman who for an hour or more has criticised this agreement for the purchase of the Scribe hotel and the arrangements made in connection with the purchase price. I quite appreciate that the right hon. gentleman is quite sincere in his criticism, and that the hon. member for West York is quite sincere in his resolution in which he asks for a committee of inquiry. I am opposed to the hon. gentleman's amendment for a committee of inquiry, and I am likewise opposed to the suggestion of the hon. Minister of Railways. I think that the resolution of the hon. member for West York goes too far. I think that the suggestion of the hon. Minister of Railways does not go far enough, and that it is not in the right direction.

It is suggested that the management of the Canadian National Railways should be kept out of politics. That was the suggestion made by the former government when this railway system was acquired by them, and with that principle every man in this country is in perfect accord. There is no man in this House or in this country who has for one moment the idea that the Canadian National Railway system can be operated successfully if political influences are allowed to intervene or to influence the action of the executive of that organization in the slightest degree. If such were to take place, the road would be a failure from the start. Human nature is much the same whether it is enclosed in the skin of a Tory, a Liberal or a Progressive. I have not much doubt but that when the Liberals were in opposition they perhaps unduly and perhaps improperly criticised the action of the former government and the action of the Canadian National Railway management. I am very much inclined to believe that if a Conservative government were in power now, and if a branch line bill had

been brought down and had passed this House and gone to the Senate, constituted as it is, we would not have seen the opposition in the Senate that we see to-day to the branch line bills that are now before it. I am very strongly of the belief—I do not wish to attribute improper motives to anybody—that had a Conservative government been in power we would not have had a resolution from Senator Bennett—

Sir HENRY DRAYTON: Order.

Mr. GERMAN: —calling for an investigation of the Canadian National Railway system.

Sir HENRY DRAYTON: Order.

Mr. SPEAKER: I call the attention of the hon. member to the well known rule that no criticism of the Upper House is permissible in this chamber.

Mr. MEIGHEN: I ask, Mr. Speaker, that you relax your ruling to the extent of enabling the hon. member to explain the position of Liberal senators on the same question.

Mr. GERMAN: I am not excusing Liberal senators any more than I am excusing Conservative senators. With the permission of the Speaker and of the House I would say it is suggested in the newspapers that some Liberal senators are like some Conservative senators—they are very much bound up in the interests of the Canadian Pacific Railway. But the Canadian National Railway Company is managed in such a way at the present time that I believe we are bound to have the intervention of politics to a greater or lesser extent. This should not be the case, and before I sit down I intend to propose a new arrangement whereby, I think, politics will be eliminated entirely.

The leader of the opposition devoted his speech very largely, in fact almost entirely, to a criticism of the purchase of the hotel property in Paris. He has had the opportunity—which I have not had although I might have had had I been as diligent as he has been—of examining the papers. It seems to me, however, that the real thing to consider, the real gist of the transaction, is this: Has the property cost the Canadian National Railways what it is worth and no more than it is worth? Whatever may have been done in the way of purchasing the property, whatever may have been said in regard to the formation of a subsidiary company or companies to take over the property and hold it in trust for the government, whatever may be said about the agreement or about the action of Sir Henry Thornton in regard to the initiation of the proceedings or in regard to the commissions paid to this Roumanian gentleman who had the handling of the affair —whatever I submit may be said with regard to all these matters it comes down at last in the final analysis to this question: Have we got value for our money? If we have then I submit, Mr. Speaker, that all these criticisms regarding the manner in which the property was purchased fall to the ground. There may have been mistakes made, I do not know. I do not intend to excuse a man even for making a mistake, or a glaring mistake such as is suggested has been made here; but if there have been mistakes made the only man really who can explain to this House and to the country the true inwardness of the transaction is Sir Henry Thornton himself. He is the man I would like to have before this House. I should like to have him appear before parliament—not only before the members of the House but before the members of the Senate as well—and make a statement. Now here is the plan I would suggest for keeping the Canadian National Railway system out of politics: It has been said that the Canadian National Railway Company is a company with one shareholder, the government of Canada. So long as that idea prevails there will be politics mixed up with the management of the company and there cannot be any other result. I say that the shareholders of the Canadian National Railway Company are composed of about eight million people. The shareholders number eight million and those people should be represented here at an annual meeting of the company. It is impossible, however, to have the whole of the people attend at an annual meeting. It is not possible to have even all the shareholders of the Canadian Pacific Railway Company attend at their annual meeting. In actual practice I do not suppose that one-tenth of the Canadian Pacific shareholders attend at an annual meeting. But we do have the representatives of the whole of the people assembled in parliament every year. Now as parliament is in session every year in the month of March—as it must necessarily be in consequence of the financial year expiring at the end of that month—why is it not possible for parliament to temporarily postpone its customary work and for the members of the House and senators to meet in this chamber, or in some other room equally accessible and equally commodious, not as members of parliament, not as members of the Conservative party or as of the Liberal party or of the Progressive party; not with the Prime Min-

ister at the head of one party and the leader of the opposition at the head of another party; but meet here absolutely as shareholders in the Canadian National Railway Company, with the president,—Sir Henry Thornton or whoever he may be—sitting at the head of the table presenting the financial statement for the year, explaining the operations of the system for the past year and perhaps the operations of the company for the succeeding year. Then allow these shareholders, the representatives of the people—members of the Senate and House of Commons—to select the board of directors by ballot each year. I do not think it is best in the interest of the Canadian National Railway Company that the government of Canada should select the directors as they are doing now. Even if part were selected by the government, part by the Conservatives, and part by the Progressives there would still be criticism. I do submit that the directors should be selected in the same way the directors of any other incorporated company are selected, by ballot of the shareholders, the shareholders in this case being the members of the Parliament of Canada. Then we would have a board of directors in whom all parties in Canada would have confidence. We could then have the annual statement of the president of the company laying before us the past actions of the company and perhaps the proposals for the future. If the president had branch lines to build that proposition would be submitted to the members of the Canadian parliament, assembled not as partisans but simply as shareholders in the company. If that scheme were adopted I believe you would have a board of management from which the political element would be eliminated.

Mr. CARROLL: Would you expect the whole number of shareholders, the entire population of nine millions, of Canada to vote on this question?

Mr. GERMAN: I do not know how many shareholders there are in the Canadian Pacific Railway Company. I venture to say there are pretty close to a million.

Mr. STEVENS: No. 140,000.

Mr. GERMAN: Very well, 140,000, and I do not suppose that three hundred, or two hundred, or perhaps even one hundred attend the annual meeting. Whereas at this meeting of the representatives of the shareholders of the Canadian National Railway Company we would have 235 members of the House of Commons and 100 members, or thereabouts, of the Senate, representing the people of Canada, holding what you might call statutory proxies for the people whom they represent, and they would sit here as shareholders. You would then have the whole financial affairs of the company placed before this large committee, not a small committee as suggested by the Minister of Railways (Mr. Graham) and not a committee as suggested by the hon. member for West York. It seems to me— and it may not meet the views of anyone but myself—that something of that kind could be worked out whereby, as far as humanly possible, the political element could be eliminated entirely from the operation of the Canadian National Railway Company. I would like to see that done, and I am sure Conservatives as well as Liberals would like to see it done; then under the management of Sir Henry Thornton I would have no fear whatever of the future success of the Canadian National Railway system.

Great credit is due Sir Henry Thornton. He came here at a most critical time in the history of the Canadian National Railway system. He was a new man in Canada, almost entirely unacquainted with the country, its necessities and possibilities. He has acquired a thorough knowledge of the whole country, from the Atlantic to the Pacific. He has brought the standard of the Canadian National Railways up to a pitch equal to that of any system of railways on the American continent. I live in a section of Ontario which is served very largely by the old Grand Trunk system and the Canadian Northern system. The difference between the operation of the road now and the operation under the old system is so marked that we cannot help appreciating the capability of the management behind the operations which have brought about that great change, and I hope to see some scheme devised by which the political element will be entirely eliminated.

Regarding the question which has been so fully discussed by the leader of the opposition, I can only say that I am not sufficiently conversant with it to go fully into the details as he has done, but my information is that the building and the property which have been purchased are full value for the money which has been paid for them, if not more. I think it is a property which will be of great benefit to the Canadian National Railway system, and when the full particulars of the transaction are known, as in all probability they will be before this session is closed, it will be found that the criticisms of the leader of

the opposition, strong though they have been, are similar, perhaps to some of his criticisms on other occasions, which have not reached their full fruition, and have not had the effect on the public of Canada which he had hoped they would.

Amendment (Sir Henry Drayton) negatived.

Motion agreed to and the House went into committee of Supply, Mr. Gordon in the chair.

Progress reported.

On motion of Mr. Mackenzie King the House adjourned at 1.05 a.m., Tuesday.

Tuesday, June 3, 1924

The House met at eight o'clock.

COMMERCIAL TRAVELLERS MUTUAL INSURANCE SOCIETY

CONCURRENCE IN SENATE AMENDMENTS

Hon. H. H. STEVENS moved the second reading of and concurrence in amendments made by the Senate to Bill No. 23 respecting the Commercial Travellers Mutual Insurance Society.

Motion agreed to, amendments read the second time and concurred in.

PROCEDURE—RULE 25

Hon. H. H. STEVENS (Vancouver Centre): Mr. Speaker, with due deference to yourself, might I rise to a point of order? I am a little at sea. As I understand it, this is the opening of to-day's session. Have we passed the orders of the day?

Mr. SPEAKER: We come back to the orders of the day. After eight o'clock on Tuesday the first hour is for private bills; that is the standing order.

Mr. STEVENS: I quite understand that, Mr. Speaker, but I was under the impression we should take the orders of the day first at the opening of the House in the usual way. I want to be sure, because I have some questions to put on the orders of the day.

Mr. SPEAKER: Rule 25 covers the case. It provides:

> The ordinary daily routine of business in the House shall be as follows:—Tuesday: government notices of motion; government orders; public bills and orders; questions; notices of motions; from eight o'clock p.m., private bills for the first hour.

We will come back in a moment to the usual routine proceedings of the afternoon; but at eight o'clock every Tuesday the Speaker must call private bills.

[Mr. German.]

PRIVATE BILLS

SECOND READINGS

Bill No. 145, respecting The Interprovincial and James Bay Railway Company.—Mr. Parent.

Bill No. 146, for the relief of Angus Martin.—Mr. Sheard.

Bill No. 147, for the relief of Lester Ernest Greenwood.—Mr. Ryckman.

Bill No. 148, for the relief of Charles Lawson.—Mr. Arthurs.

Bill No. 149, for the relief of Margaret Hickey.—Mr. Anderson.

Bill No. 150, for the relief of William John Chenery.—Mr. Martell.

Bill No. 151, for the relief of Florence Roberts.—Mr. Hocken.

Bill No. 152, for the relief of Hugh Allan Macdonald.—Mr. Hocken.

Bill No. 153, for the relief of Wilhelmine Christina Slater.—Mr. Hocken.

Bill No. 154, for the relief of Emma Doris Perley.—Mr. Martell.

Bill No. 155, for the relief of Arthur Hill.—Mr. Jacobs.

Bill No. 157, for the relief of Emily Elizabeth Reeder.—Mr. Clifford.

FIRST READINGS

Bill No. 158 (from the Senate), to incorporate Merchants Casualty Insurance Company.—Mr. Euler.

Bill No. 159 (from the Senate), to incorporate The Laurentian Insurance Company.—Mr. Jacobs.

Bill No. 160 (from the Senate), for the relief of Merlin Englehart Clubine.—Mr. Martell.

Bill No. 161 (from the Senate), for the relief of Victoria Stella Haswell.—Mr. Gordon.

Bill No. 162 (from the Senate), for the relief of Thyrza Ewart (otherwise known as Thyrza Hodgins).—Mr. Harris.

Bill No. 163 (from the Senate), for the relief of Rebecca Messer.—Mr. Arthurs.

Bill No. 164 (from the Senate), for the relief of James Henry Kirkwood.—Mr. Anderson.

JAPANESE IMMIGRATION

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): Mr. Speaker, I would like to propound a question or two to the government and also to make a complaint—shall I say?—regarding answers to questions, particularly to one question to which I am now going to refer. I am not objecting to the right of the government to refuse an answer provided they take the responsibility of so doing, but answers when given should be accurate and complete,

because we depend upon the information given by the government for our guidance in considering public affairs.

I wish to draw the attention of the Prime Minister (Mr. Mackenzie King) to an important question that I put on the order paper the other day and that was answered yesterday, a question regarding immigration. The third question was as follows:

Has the government entered into a new agreement covering Japanese immigration with the Japanese government? If so, has a quota of 150 been fixed upon?

The answer to that was:

As a consequence of negotiations between representatives of the governments of Japan and Canada last year, the Japanese government undertook to restrict to 150 annually the number of Japanese emigrants going to Canada as household servants and agricultural labourers.

The next question was:

If a quota has been fixed, does the said quota include all classes of immigrants, such as merchants, students, etc., or are such admitted in excess of the said quota?

The answer to that was:

Answered by the answer to No. 3 above.

The inference being that the total restriction was to 150. In the agreement between the government of Canada and the government of Japan, a copy of which I have in my hand, provision is made for four or five classes of immigrants. For instance, there is the class which includes those previously resident in Canada, and the wives and children of such. Then, there are those who are in domestic service, when evidence of engagement is given. Then there is this class,—and this is of vital importance: provision is made for the admission of contract emigrants. These are not covered in the answer to my question, and the result is that the whole situation is left in a vague and ambiguous state. In addition to that, there are emigrants brought in under contract by Japanese resident agricultural holders. Now, these are not necessarily included in the answer given, which refers to agricultural labourers and domestic servants. So, the answer does not, in reply to my question, give that light and information to which we think we are entitled. That is my complaint. I wish to ask the Prime Minister if he would have this previous set of questions again surveyed and a more complete answer given.

Secondly, I want to ask him in connection with this very vital and important matter whether he has noticed a despatch from Tokio stating that in view of the dispute between the American government and the Japanese government, the latter consider themselves freed or liberated from all obligations to restrict emigration from Japan to Canada or Mexico, citing as the ground for their repudiation of these agreements the fact that when the gentleman's agreement was entered into with the United States some years ago Japan agreed with the United States that they would enter into similar agreements with Mexico and Canada as an additional protection to the United States. There was the suggestion in that connection that the so-called underground route was being frequently used and that immigrants were smuggled in from both borders. Now, the Japanese government declare that since the United States has passed legislation which they declare objectionable they are at liberty to repudiate both the agreements referred to, namely, that with the Mexican government and that with the government of Canada. If the Prime Minister has not noticed this I would draw his attention to it and ask him to make careful and early inquiry in order to provide for the protection of Canada in case the Japanese government actually give effect to this statement issued from Tokio yesterday.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I agree with my hon. friend that any answer to a question should be as complete as possible, and I can assure him in regard to the question he has just asked that there was no intention on the part of the government not to give him the information he was seeking. I think the answer to the third part of the question just quoted was as mentioned, that an agreement had been made on the part of the Japanese government restricting the numbers of agricultural labourers and domestic help coming into this country to 150. I think those were the classes covered by the previous so-called gentleman's agreement.

Mr. STEVENS: No; that is my point.

Mr. MACKENZIE KING: Then I am very glad my hon. friend has directed my attention to the question, because the purpose of the agreement with Japan was that the numbers being limited to 150 were the numbers corresponding to the classes that were included in the gentleman's agreement. I shall make a point of looking carefully into the question and seeing that my hon. friend gets a further answer.

As to the other question: The agreement with Canada was made before there was any agreement on the part of Japan with the United States or any country, and I should be very much surprised if the Japanese gov-

ernment were to in any way claim that the Canadian government's agreement with Japan was affected by anything that happened except as between Canada and Japan. However, I shall look into that matter as well.

OCEAN FACILITIES AT HALIFAX

On the Orders of the Day:

Mr. W. A. BLACK (Halifax): On April 10th, I received answers to two questions which I had asked. The second question was whether it was the intention of the government to complete the ocean terminals at Halifax as originally planned or otherwise, without delay; and the reply was that the matter was under the consideration of the government. May I ask if any further information can now be afforded?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think, Mr. Speaker, the answer is equally applicable at the moment. Nothing has been definitely decided as yet. The matter is still under consideration.

SUPPLY

DEPARTMENT OF THE INTERIOR

The House in committee of Supply, Mr. Gordon in the chair.

Dominion Lands and Parks—for surveys and investigations of water and power resources, including the Dominion Hydrometric Survey; for the reclamation of lands by irrigation and drainage and for the administration of the Acts in connection therewith, etc, $547,000.

Hon. CHARLES STEWART (Argenteuil) (Minister of the Interior): I understood, Mr. Chairman, that this was the last item to pass before we rose on the last occasion these estimates were up. We had a very long discussion on it.

The CHAIRMAN: We have not got it marked as passed. I will look up the record and see.

Mr. STEVENS: The minister will recall the discussion in connection with this item on a previous occasion. The minister then made some very satisfactory reference to that Spray lakes case which has been engaging a great deal of public attention. Since then I have received a very large number of protests—as, I believe, have other hon. members—a number of which I forwarded to the department. Would the minister be good enough to give us any information he has as to the status of this matter at the present time, and say if there has been any development since; or if the minister's declaration on that occasion, which I welcomed very much, that nothing would be done for a year at least, still stands?

Mr. STEWART (Argenteuil): There is nothing new, except that the premier of Alberta, on behalf of the Alberta government, has made formal application for the Spray lakes reservoir; that is all that has happened since. The Calgary Power company had, of course, applied before that.

Mr. STEVENS: That will, perhaps, change the situation somewhat. As the situation was when we left the item before, we had an understanding that nothing would be done until next year at least, that the matter would stand just exactly where it was in the meantime. If that is still the case, I have nothing further to say.

Mr. STEWART (Argenteuil): I have nothing new to add, except that that application is now in.

Mr. STEVENS: The minister will pardon my persistency, but in view of this new application from the Alberta government—

Mr. STEWART (Argenteuil): Oh, my word to the committee stands. I merely wanted to mention that the application had been made.

Mr. MEIGHEN: The minister appears to have united Water Powers with the Reclamation branch. What has become of Mr. Drake?

Mr. STEWART (Argenteuil): Mr. Drake retired. We had his services during the past year, but he is now retired from the service.

Mr. MEIGHEN: Did he retire after the manner of Dr. Torrance?

Mr. STEWART (Argenteuil): No, not quite.

Mr. MEIGHEN: What was the method? Is he on superannuation?

Mr. STEWART (Argenteuil): Yes, he was retired under the Calder Act.

Mr. MEIGHEN: A pretty young man.

Mr. STEWART (Argenteuil): I do not know what his age is.

Mr. MEIGHEN: It is only about 45. Does the minister consider a man is all over at about 45?

Mr. STEWART (Argenteuil): Oh, no.

Mr. MEIGHEN: That is about his age.

Mr. STEWART (Argenteuil): The work of the Irrigation branch is being reduced continuously; it is almost disappearing.

Mr. MEIGHEN: Irrigation?

Mr. STEWART (Argenteuil): Yes. My hon. friend will recollect that the chief work of the Irrigation branch was surveys in the province of Alberta. That work has been practically completed so far as preliminary surveys are concerned. There are a number of very small schemes yet to be examined. The large district known as the Pearce Irrigation district, north of the Red Deer river, was the last large one that was investigated.

Mr. MEIGHEN: How much of this is for irrigation?

Mr. STEWART (Argenteuil): We had all that information the other night. The amounts are: Irrigation, $173,000; reclamation, $52,000; water powers, $330,000; total, $555,000.

Mr. MEIGHEN: Is all this work under Mr. Challies?

Mr. STEWART (Argenteuil): Yes.

Mr. MEIGHEN: Is the minister simply completing irrigation survey work that has been under way for some years? The minister has not entered into any capital or other liabilities in conjunction or jointly with the provinces for actual irrigation works?

Mr. STEWART (Argenteuil): I do not understand my right hon. friend. There has been no new arrangement except that entered into when I was premier of Alberta and when my right hon. friend was Minister of the Interior at Ottawa, namely, that the preliminary surveys and investigational work should be done by the Department of the Interior, and that all subsequent work should be undertaken by the provinces.

Mr. MEIGHEN: I compliment the minister on following so closely the lines that were being pursued when he entered the department.

Mr. GARLAND (Bow River): Will any work be done in Alberta this year under this vote?

Mr. STEWART (Argenteuil): Yes, there are investigations, a number of them small, being carried on in southern Alberta—work asked for by various people and which will be carried out by very small parties.

Mr. GARLAND (Bow River): What is the nature of the work being done by these small parties, and where is it being performed?

Mr. STEWART (Argenteuil): I read a list of them at the last sitting of the committee when the estimates of the department were under consideration. If my hon. friend will refer to Hansard he will find every one of them set out in detail.

Mr. MEIGHEN: What is the position of the old controversy as to the use of the St. Mary and Milk rivers—I mean the controversy between the United States and Canada? I hope it has been settled satisfactorily.

Mr. STEWART (Argenteuil): I am informed that measurements are still being taken, but the basis for a division has been arrived at. I confess that explanation seems a little vague, but I understand that the approximate amount of water belonging to both countries has been practically settled. Hydrometric measurements are still being carried on, however.

Mr. MEIGHEN: What is the basis of the division?

Mr. STEWART (Argenteuil): I have not got that information here, but I will be very glad to get it for my right hon. friend.

Mr. MEIGHEN: It was the most important matter in the whole branch in my time, and I should like very much to have the basis of division of that water. I may, perhaps, bring to the mind of the officers of the department what the controversy was over. The waters of the St. Mary and Milk rivers are formed by streams which intersect the territory of both countries. The question at issue was whether or not the United States had the right to use for irrigation purposes the water of a stream which finally flowed into Canada, either before it flowed in or after it flowed out and before it flowed back again. What I should like to get at is just what the International Joint Commission decided was the right of the United States in respect of water of that kind. If the decision was adverse to Canada we shall not get much water out of the St. Mary and Milk rivers, and that is really all the water there is available for southern Alberta.

Mr. STEWART (Argenteuil): I shall be glad to get a memorandum on the subject in the morning for my right hon. friend.

Mr. MEIGHEN: It is really the only important matter in the Irrigation branch.

Mr. STEWART (Argenteuil): I quite recollect the controversy—how important it was

to southern Alberta and how anxious we were about that adjustment; but at present I have not with me the exact details relating to the matter.

Item agreed to.

To cover professional assistance engaged by the Governor in Council to assist the departmental officers who are advising re international and boundary waterway questions—$8,000.

Mr. STEWART (Argenteuil): This item is simply for the purpose of paying for any necessary assistance that may be required in connection with international waterway disputes. Investigations are being carried on in order that we may have the information necessary to present our case very fully and completely, and so protect the interests of Canada. We have, as my right hon. friend will note, another item in the estimates that is almost similar to the one for which this $8,000 is being asked. I may say this is a new item, it has not appeared there before.

Mr. MEIGHEN: This $8,000?

Mr. STEWART (Argenteuil): Yes.

Mr. MEIGHEN: It is shown here as appearing before.

Mr. STEWART (Argenteuil): I beg the right hon. gentleman's pardon.

Mr. MEIGHEN: What I cannot understand is why we should now be employing counsel to help us get our share if the matter has been decided.

Mr. STEWART (Argenteuil): It is not the St. Mary river alone that is in question; there are a great many matters in dispute. For example there is still the question of the watershed in the Lake of the Woods district which is not by any means settled and measurements are still going on. There is also the matter of the diversion of water by the Chicago Drainage Commission which is very much unsettled. We have assumed the responsibility of obtaining full information, both in the United States and Canada, with respect to these very vital matters concerning international waters which from time to time arise between the two countries.

Mr. MEIGHEN: I do not object to a vote to sustain Canada's position before the International Joint Commission, especially in relation to the Chicago drainage canal. However, I do not really see that anything is being done except the exchange between the two governments of some correspondence, some futile correspondence, as respects the Chicago drainage canal. Looking through the estimates of last session I cannot see there any reference at all to this vote, although the item appears in the estimates of the present session as having been voted last year.

Mr. STEWART (Argenteuil): I may say that this is earmarked for this particular purpose. We have no funds, unless we earmark them, to hire outside service. We cannot use the general vote for that purpose, and we have found ourselves handicapped in that connection; so that this year we have this vote for this particular purpose, to give us an opportunity to use it, if we require it. That is the only reason for the vote.

Mr. MEIGHEN: The item is reappearing as a re-vote—as having been voted last year and being voted again now. It is not in last year's estimates.

Mr. STEWART (Argenteuil): I do not know how it comes to appear in that shape. It should be an entirely new vote, in order to give us authority to pay it out for the purpose for which we require the money.

Sir HENRY DRAYTON: Has the minister any idea why that stands by itself as an error because if we cannot rely upon the government's official figures as tabled, we have absolutely no check one way or the other. Here is an item that ought to be looked upon as an $8,000 increase for this year specifically. Instead of that it appears as though it were voted last year, and the minister tells us it was never voted.

Mr. STEWART (Argenteuil): I am informed that the $8,000 and the $651,000 make up the $659,000 which was voted as one sum last year. The two amounts are segregated now.

Sir HENRY DRAYTON: Then it is not a new thing.

Mr. STEWART (Argenteuil): There is this difficulty about it, that we cannot use it for the purpose for which we require it, unless we can reduce this vote by the $8,000.

Sir HENRY DRAYTON: Then it is not new at all, and my hon. friend's explanation a minute ago was wrong.

Mr. STEWART (Argenteuil): The total vote last year, including the $8,000, was $659,000. We want to use part of this vote for this specific purpose, and for that reason we segregate the $8,000. That $8,000 was in the total vote last year.

Mr. HARRIS: Could the minister give us more specifically the particular purpose for which this money is going to be used? I understood him to say it had relation to the International Joint Commission and the Chicago drainage canal—the proceedings that are going on at present.

Mr. STEWART (Argenteuil): Yes, but I was pointing out that we had no vote for the employment of outside service last year. We require such service frequently, and I am asking that part of the vote be segregated for this purpose.

Mr. HARRIS: Will the minister explain what this vote has to do with the next vote of $2,000, allowance to W. J. Stewart, Chief Hydrographer, and to J. B. Challies, Director of Water-Power?

Mr. STEWART (Argenteuil): That has been in the estimates continuously.

Mr. HARRIS: And in the same connection?

Mr. STEWART (Argenteuil): No, these gentlemen are officers of the department.

Mr. HARRIS: Is that amount sufficient to cover the cost of the negotiations which are going on, or the negotiations proposed by the department in Washington?

Mr. STEWART (Argenteuil): No, part of this $8,000 goes to these gentlemen. They are employees.

Mr. HARRIS: Will $8,000 be sufficient to make proper representations to Washington with regard to the drainage diversion at Chicago?

Mr. STEWART (Argenteuil): No, I do not think so; but we have officers who are working on this all the time. We need some money occasionally to pay for services by parties who are not attached to the department. Mr. Stewart, the paid official of the department, is in Washington watching the case before the committee. That does not entail any payment out of the $8,000.

Mr. HARRIS: Is there any possibility of a let-up in watching the case at Washington, due to the fact that the $8,000 is voted? Does the minister feel that it is sufficient to cover the requirements of our representation?

Mr. STEWART (Argenteuil): The minister does not admit that there is any let-up.

Mr. HARRIS: Will the minister tell us exactly where we stand with regard to the proceedings at Washington and the Chicago drainage canal situation?

Mr. STEWART (Argenteuil): I gave the House the information the other day, in reply to a question by the right hon. leader of the opposition (Mr. Meighen) or some hon. member on that side of the House. There is a very serious controversy between the city of Chicago and the surrounding states which are opposed to the diversion of the water at Chicago. Canada has never admitted that it agreed to the diversion of a foot of water through the Chicago drainage canal. True, the Secretary of War for the United States gave permission to the Chicago drainage district to divert 4,167 cubic feet per second. Since that time it is estimated that they have increased that diversion to 10,000 cubic feet per second, which is estimated to be the amount passing through at the moment for the purpose of diluting their sewage, and hence the controversy is going on between the United States and all the states and cities surrounding Chicago within the area of two or three hundred miles. It has been a matter of litigation in the courts. We have been watching that litigation very carefully. The government of Canada have repeatedly protested officially to the British Embassy against further diversion of this water, or against any diversion, maintaining that we have not agreed and do not propose to agree to any diversion of water through the Chicago drainage canal. The solicitors who are appearing for the Chicago drainage system state that in a memorandum prepared by the old waterways commission, prior to the inception of the International Joint Commission, when the question of diversion for power purposes at Niagara Falls was under discussion, there was a reference to the Chicago drainage scheme. Hon. members know without going into detail that there is at the present moment a considerable portion of that power passing every year into the United States for the use of the factories of that country, something in the neighbourhood of 160,000 horse power is being exported. But that did not at any time form any part, so far as I or any of the officers of the department can discover of the reports submitted to the government of Canada, nor was it ever admitted by the Dominion of Canada. That is the position the government is maintaining still. To say that we should get into a controversy when the matter is at present in the courts, or was up to a day or two ago, and is being vigorously protested against by all the people surrounding that district and all the

people affected by it, particularly the city of Milwaukee and all the cities along the shores of lake Michigan would hardly seem to me to be proper. I do not think at the present time we should do more than we have done in this matter.

A committee of the United States senate are investigating this matter, and will present a report to the senate with respect to the whole controversy, and the best information we can get is that there is not a very serious likelihood of Chicago being able to maintain its position, but Canada has from time to time registered her protest in the proper channel and we have been kept fully informed of every move in connection with this controversy.

Mr. GERMAN: I would like to call to the attention of the minister the claim made on behalf of the Chicago Drainage Commission in connection with the arguments at Washington regarding this water diversion. It was suggested that Canadians were taking more water from lake Erie for electrical power purposes than they were entitled to take under the treaty arrangements between the two countries, and the fact was instanced that the Cataract Power Company, which is developing electrical power at Decew Falls and taking water for the purpose of electrical development at the Welland canal, was drawing from lake Erie water in excess of what Canada was entitled to take under the treaty arrangements. I think it will be well for the minister to emphasize the fact that the Cataract Power Company is not taking one gallon of water from lake Erie beyond what would be taken for the purposes of navigation of the Welland canal. The Cataract Power Company is taking simply surplus water, water which would not be used for the purposes of navigation even if they did not take it. There is a large volume of water in lake Erie from the summit level of the Welland canal to the brow of the mountain which is about fourteen miles from lake Erie where the locks begin. The Cataract Power Company is taking simply the surplus water which is not required beyond that fourteen mile limit for the purposes of navigation of the canal. The same quantity of water would be flowing through the canal even though the Cataract Power Company was not using the water at all. Therefore, the argument of those who maintain that Chicago is entitled, based on that suggestion, to 10,000 cubic feet per second, is absolutely erroneous and the minister should emphasize that, so far as he can, in the discussions that are taking place.

[Mr. C. A. Stewart]

Mr. MEIGHEN: The importance of the Chicago drainage canal diversion is sinking home pretty deeply into the minds of the Canadian people. It has been impressed upon us with greater and greater emphasis for years. It is costing us more. month by month, and year by year. The utter callousness of the whole proceeding on the part of the Chicago drainage canal district is becoming more and more brazen, and surely we must now realize that any pressure of mere words, particularly of mere letter writing, is not going to get us anywhere in rescuing us from the position we are in. The Chicago drainage canal district is extracting 10,000 cubic feet per second from our waters, or rather from the joint waters of the two countries. It is lowering the level of our lakes and of our rivers. It is destroying the efficiency of our canals. It is costing in our shipping millions per annum. It is costing in the upkeep of our canals millions more. This is being extracted out of the pockets of the tax-payers of Canada and is being paid for by the sweat of the people of Canada. I do not think I overstate the case when I say that it is all utterly without any colour of right whatever. To argue that behind the pages of the treaty which gave us a right of power development and them a right of power development at Niagara, and beneath the lines of that treaty, there was a reason for the larger percentage of the power being given to us in the fact that Chicago had a certain water diversion, seems to me so sophistical, so grotesque, that I cannot understand how it appeals to those who dignify it with the name of argument. The treaty speaks for itself. By the terms of the treaty, by every line and letter of it, we are ready to abide; but we do not like to be referred to what is supposed to have been in the back of the head of somebody who wrote it, and it does not seem to become the dignity of a great country to ask us to be so referred.

Mr. STEWART (Argenteuil): I hope my right hon. friend does not misunderstand me. I merely mentioned in passing that that was one of the arguments used by the solicitors for the Chicago drainage canal district.

Mr. MEIGHEN: I know that and I am expressing my opinion of it now. The water used at Niagara is returned to the Great Lakes system. The water used at Chicago is taken away, turned down the Mississippi into the gulf of Mexico and it never comes back into the Great Lakes at all. There is the difference. Return the water to the Great

Lakes and we are satisfied. Take it into the gulf of Mexico and we never can be satisfied.

This thing has now reached a magnitude where it is of first and primary consequence. It is getting to be of vital consequence to the Dominion, and I press upon the government the need of exerting more pressure than mere pen and ink. Something must be done.

9 p.m. I do not use that language in any threatening sense; but I do say that there are powers of pressure in our hands, and we ought to gather all the strength behind our motion that we can put behind it in order to get this thing to a head quickly. We should not depend upon the mere rights of litigants as between the city of Chicago on the one hand and the United States government on the other. Our controversy is not with the city of Chicago. Our controversy, necessarily, is with the government of the United States. We look to the government of the United States to stand up and see that justice is done as between that country and our own. I do not know that we are in a very dignified position when we appear as being represented the same as an American town or a county or a village before some committee of the United States senate. A committee of the United States senate is not the tribunal before which we should go. We go to the United States government and we say to the United States government: There is our right; that right you admit; that right no sensible or fair-minded person can dispute; that right we call upon you to make good. I know that all matters of international negotiation are very difficult, but I think it is well that in this parliament we should stand up and speak our minds. We have submitted to this thing year after year, and from one decade to another and thus submitting, the iron has been pressed into us deeper and deeper. The prospect of relief seems to me to be getting less and less. The penalty is getting heavier and heavier. It is when we find ourselves in situations of this kind that we realize how we need the united effort of us all and the influence that we all can exert together—when I refer to "all", I mean the Empire as a whole—in order to bring to us our rights in this regard. I know of nothing more vital to Canada than that we should now get to the point where there is going to be an end of this continuous and increasing diversion at Chicago.

The minister is quite right. We have never agreed to the diversion of a foot of water; we have tolerated it year after year, and our toleration has been played upon and imposed upon by the Chicago drainage canal district, multiplying its diversion time after time until now they have it at a stage where at least the volume stated by the minister, if not a great deal more is being wantonly extracted. They actually contemplate going further and further. I have stated my position, and I am ready to support the government in bringing to bear the utmost pressure in its power upon the United States government, and in so directing its policy that it will be able to gather other forces at its side for this purpose.

Mr. BRISTOL: Can the position be properly taken by Canada that the United States is liable for all damages which our people are suffering by reason of this diversion? It seems to me that if the United States is allowing one of its states to break the treaty governing the control of these waters, and in consequence we are suffering millions of dollars damages, the government should make a claim for those damages as well as a request for the cessation of the illegal diversion.

Mr. MILLAR: Mr. Chairman, I am glad that the hon. members who have just spoken have tried to impress on the government the importance of this matter. I should like to speak of it from the western viewpoint. It has been proven beyond doubt that the level of the waters of the upper lakes has fallen two or three feet in the last year or two. I do not know just how much water is taken out by the Erie canal, nor how much is used for power purposes on the Niagara river. I was wondering if the minister had collected any data to indicate exactly to what extent the water level in the upper lakes has been lowered by the Chicago drainage canal diversion. At the investigation which took place in Washington a short time ago I think those who represented Chicago let the cat out of the bag by indicating that they had some hope of making the canal a transportation channel to the Mississippi river. I do not know to what extent they are using it for transportation purposes now.

Mr. MEIGHEN: Yes, for transportation and power.

Mr. MILLAR: It is not necessary now, I think, to repeat what has been stated several times in this House, that the western provinces find it very difficult to compete in the markets of the world, and that the saving of a few cents per bushel on the transportation of their grain means a great deal to them. I remember reading some time ago in a departmental report issued by the United States government that after a large vessel

is loaded down to about fifteen or sixteen feet the loss of one foot in the water level means a loss of 960 tons of cargo-carrying power. I have made some calculations which lead me to believe that that estimate is about correct. One can readily see what it means to have the level of the upper lakes lowered about 2½ feet and the large freighters forced to make their trips with only part of their full cargo. It means extra charges, and, as we know, all the charges are thrown back on the producer. In other words, if we are compelled to pay 3 or 4 cents per bushel more for the carriage of our grain to Montreal, we will receive that much less at the country elevator. If that is continued, and perhaps made worse, so that our loss becomes heavier in future years, it will mean that Russia, the Argentine and other wheat producing countries will have a still greater advantage over us than they have at the present time in the grain markets of the world. In a report by Secretary Wallace of the United States Department of Agriculture I notice that in making some comparisons he stated that the Argentine has an advantage over Canada and the United States in transportation of about 10 or 12 cents a bushel from the fact that very little grain is grown in the Argentine at a greater distance than 400 miles from tidewater, and most of it is grown much nearer, and that while the grain growers have to pay a higher rail rate, yet it is only for a very short distance, and this gives them a considerable advantage. So the minister can readily see that everything should be done in order to cheapen our transportation rates. I am very glad that the discussion has taken place, and I hope that the minister will realize that written protests should now give place to something stronger, if this is possible.

Mr. GERMAN: Mr. Chairman, I wish to associate myself most emphatically with every word that has been uttered by the right hon. leader of the opposition (Mr. Meighen) in regard to this matter. Those of us who live on the water transportation routes appreciate the fact that the lowering of the water level by a few inches means, not thousands, but millions of dollars extra in the cost of transportation; and we know that the water levels of all the Great Lakes are being lowered by reason of this diversion.

Mr. MACLEAN (York): And all down to the sea.

Mr. GERMAN: Yes, I believe it affects the St. Lawrence as well. The city of Toronto in their corporate capacity sent representatives to attend the meetings in Washington. I strongly urge on the government the advisability of engaging someone who is thoroughly conversant with all the circumstances and to send him to Washington to protest authoritatively on behalf of the Canadian government against the Chicago drainage canal diversion. So far as I know there has been no real protest on behalf of the Canadian government. I thoroughly agree with the right hon. leader of the opposition that an effective protest should be made, not by municipal representatives, but officially by the government of Canada to the government of the United States against the violation of the treaty, coupled with a request that the violation should be stopped by the United States government preventing the city of Chicago continuing this illegal diversion. I would strongly urge on the minister the importance of the government taking prompt action to put a stop to this violation of our treaty rights.

Mr. MANION: I should like to associate myself with this protest. There is an aspect of the question which I have not heard touched upon, that of expense, which is of the utmost importance to the Dominion. At the present time there is a pronounced drop in the level of lake Superior, whether due to the Chicago drainage canal diversion or not I do not know, for it is argued by some authorities that the upper lakes are not affected by the operation of that canal because of the natural outflow of the upper lakes into the lower.

Mr. STEWART (Argenteuil): I think they mean lake Huron and Georgian bay.

Mr. MANION: At any rate there is a very marked drop in the level of lake Superior; I forget the exact amount, but I think it is about a couple of feet. Whether or not it has any bearing on this question I do not know, but if you lower the lake levels it means that millions of dollars have to be spent on the harbours in order that the boats may enter them as they have done in the past. The harbours at the head of the lakes, for example, which are built not for the benefit of the head of the lakes alone, but for the whole of western Canada, have had something like thirteen or fourteen millions spent on them in dredging, the construction of breakwaters, and so on. The same is very largely true of the harbour at Toronto and of all the harbours on the Great Lakes—Goderich, Owen Sound, Kingston, Prescott, Port Colborne, and others. If the water level is lowered to any considerable extent it

means the expenditure of additional millions in order to deepen the harbours sufficiently to permit the continuance of navigation. I do not think any of us can add strength to the protest offered by the right hon. leader of the opposition, with which apparently everybody in the House agrees. I sincerely hope the government will do everything in their power to impress on the government of the United States the importance of this question to Canada.

Mr. McQUARRIE: Perhaps the minister might give the committee some information as to what protests have been made on behalf of the government of Canada, with details as to when they were made and what was the character of them, together with any communications received in reply. If the government has not taken any action by way of protest they have been derelict in their duty. The situation is apparently becoming very acute. Besides, Canada should be placing herself in a position where it cannot be said by the United States that we have stood by and allowed this diversion to take place without protest. If it is true that the treaty which has been referred to provides against any such diversion as we are complaining of, then necessarily there will be a claim on behalf of Canada for damages or compensation. Now, we should be laying a foundation for that claim; we should be pointing out to the government of the United States that we intend to make such a claim. Certainly we should not sit down and take all this kind of thing without doing anything. If the government can say that everything possible has been done, very good, but we surely ought to know about it. There is no occasion for secrecy in a matter of this kind; on the contrary, it is one upon which I think the committee and the country are entitled to be fully informed.

Mr. KENNEDY (Glengarry): It is hard to estimate the importance of this question to the people of Canada. I would like to associate myself with what has been said by the right hon. leader of the opposition (Mr. Meighen) in respect to this diversion of water. It very seriously affects all the lower lake levels. I have the honour to represent a portion of the country which may be very vitally affected if this diversion continues or is in any way increased. Millions upon millions of dollars have been spent not only in the harbours and along the lakes and rivers but also in dredging the channel in the river St. Lawrence. This channel has had to be repeatedly dredged and deepened, and if the water level is to be lowered by continued diversion it will simply mean that constant deepening and dredging of the river channel will be necessary. The question is important also from the point of view of power as well. Water diverted at Chicago might otherwise be available for the development of power at Niagara and be used over and over again on the river St. Lawrence. So that the damage that has already been done to Canada and that may in the future be done if this diversion is not stopped cannot be overestimated. I would support the government in their doing something more than entering mild protests at Washington against the diversion of this water at Chicago. I think the time for mild protests has long since passed; something a little bit more effective might be done in the future.

Mr. STEWART (Argenteuil): What would my hon. friend suggest?

Sir HENRY DRAYTON: The minister asks, what does the hon. gentleman suggest.

Mr. STEWART (Argenteuil): I did not ask my hon. friend that question. I asked the hon. member for Glengarry (Mr. Kennedy).

Sir HENRY DRAYTON: Yes, I know, and the hon. member sat down, perhaps rightly thinking that the government, which is charged with the responsibility of preserving Canadian rights, will do something to preserve them. I will ask my hon. friend this question: Why is it, as the government sees it, that specific Canadian rights not only are flaunted and disregarded but continue to be flaunted and disregarded? What reason can the government give the committee?

Mr. BUREAU: Since when were they flaunted and disregarded?

Mr. STEWART (Argenteuil): I think my hon. friend is going beyond the bounds of reason when he suggests that the government has been flaunted—

Sir HENRY DRAYTON: No, no. I am saying this—

Mr. STEWART (Argenteuil): What does my hon. friend suggest?

Sir HENRY DRAYTON: Apparently everybody in the House admits—not only admits, but claims—that diversion is going on and going on, that lake levels are dropping and dropping. Apparently the government have been making some protest about it, but they get nothing; at least they have not told us of anything. I ask the plain question: What reason can the government give the committee for the withholding of Canadian rights?

Mr. STEWART (Argenteuil): No one recognizes better than my hon. friend does that there are international courtesies with respect to all these matters. I feel just as strongly as the right hon. leader of the opposition does about this matter. I feel that Canada is entitled to redress, as the hon. member for Centre Toronto, I think, suggested—more than that. Any one who is following this controversy must know that Chicago has been offering for a considerable period of time to make redress for the diversion. Do you think it would be wise for the people of Canada to offer to take any redress for the diversion of 10,000 feet of water which belong to the Great Lakes and to the waterways of Canada? That water should be returned to the Great Lakes, should not be diverted at all. Rather than have payment for diversion we should have the water returned to us. That is the position this government takes.

Sir HENRY DRAYTON: Well what are you doing?

Mr. STEWART (Argenteuil): What are we doing? We are courteously, as any government would do, as the government of my hon. friend would have done, protesting against this diversion of water, and saying that we do not agree to a single inch of it going, and never have agreed. At the moment, as I have pointed out, we are working in conjunction with the solicitors who are protesting in the committee and in the courts against this diversion. Are not all the American cities situated along the Great Lakes—Buffalo, Detroit and so on—affected as well as Canada? Undoubtedly they must be. But I am not putting that up as a reason why we should let up one iota in our protests with respect to this matter.

Mr. MANION: Are not the American municipalities also protesting?

Mr. STEWART (Argenteuil): They are fighting it to the last ditch, every one of them, and we have working with those gentlemen an engineer who knows more about this waterway, I think, than any other man in Canada, in the person of Mr. W. J. Stewart, who has more information on this subject, so far as I have been able to ascertain, than any other man that I know of. I maintain, Mr. Chairman, that the present government have not been recreant to their trust. My hon. friend points out that the water in the Great Lakes is going down. I do not admit that; I say that the present height of water is largely attributable to the diversion at Chicago. That is the position of the Canadian government and we are endeavouring to have that water restored to its natural channel. That is also the position that is taken by the solicitors who are fighting this case on behalf of all the interests surrounding the great city of Chicago. The Chicago people are putting up the best fight they can at every step in this controversy. This government is watching the case, and we have protested, and protested most vigorously, against this diversion of water, but beyond the point of courtesy we have not gone.

In answer to my hon. friend from New Westminster we have tabled copies of the correspondence passing between the two governments. I most heartily concur in the view that our course should not be to protest before a committee of the senate or in the American courts, but to the American government itself. So, Mr. Chairman, I do not admit that this government has been recreant to its trust. So far as I am able to advise the government, I would advise the most strenuous action to be taken if it should appear that this thing was to continue.

Sir HENRY DRAYTON: How much longer will it be necessary for it to run before it is apparent that it is going to continue?

Mr. STEWART (Argenteuil): So far as I am aware, there has not been any further diversion during the last two years, but 10,000 cubic feet have been going for the last two years at least through that canal.

Sir HENRY DRAYTON: My hon. friend, of course, has an intimate knowledge of the subject which I have not. All I see is what the press says from time to time. But according to some articles I have seen in the press, apparently the city of Chicago is under the impression that it can increase the flow of water through the existing canal just as it pleases, and is doing it. That may be all wrong, but that is the impression, nevertheless, and we have to an increasing degree lowness of water. My hon. friend is quite right when he says we should get our water back. There is no dispute about that. But what are we doing to get it back? That is what we are trying to find out. My hon. friend says Canada's case is not for a committee or an American court. Canada's case stands on international rights and should be adjudicated according to international rights. Am I right in supposing that every protest that could be taken by the government in connection with the preservation and enforcement of Canada's rights has been taken?

Mr. STEWART (Argenteuil): That might be a matter of opinion, but as my hon. friend well knows, Canada has never taken any other

position than that, either through this government or the former government. We do not admit their right to divert a single foot of water. As I said, Chicago has made tentative suggestions, not to the Canadian but to the United States government, to substitute dams to increase the height of water, but those works have never been recognized by the Canadian government, and I think should not be recognized by us, as a substitute for the water itself. What we want is the water. We do not want any substitution works to compensate for the diversion of that water. That is our position, and that is the position we propose to maintain.

Mr. MACLEAN (York): Have you raised this question directly with the American government?

Mr. STEWART (Argenteuil): We have not raised the question. I doubt whether this is the proper moment, and whether we are not in a better position, at least, this is the advice I have to offer, to maintain our rights by demanding the return of the whole of that water, than to begin to negotiate about the matter. I think this government would be well advised, before agreeing to any reference of any character, to be very sure where it is going to lead them. We are standing firmly on the ground of demanding the return of that water. Undoubtedly this question could be a matter for reference to the International Joint Commission.

Mr. McQUARRIE: What does the minister mean by the return of the water?

Mr. STEWART (Argenteuil): Shutting off the Chicago diversion entirely. We cannot expect that to be done all in a moment, but that is the position for us to take.

Mr. McQUARRIE: You cannot get water returned that has been taken down to the gulf of Mexico. The point, as I see it, is whether this government should do something more than simply fail to concur. The government, it seems to me, should go further than that. It should take active steps to protest directly to the American government against what is being done; otherwise, it may be held that this government has acquiesced.

Mr. STEWART (Argenteuil): Oh, no, I thought I had made that very clear.

Mr. McQUARRIE: In answer to a question that was asked by the hon. member for South York the minister, as I understood him, said that the government had not taken any active steps at all.

Mr. STEWART (Argenteuil): Will this satisfy my hon. friend? The position of this government has been outlined repeatedly, and our position is that we have not agreed to the diversion of a single foot of water. We have objected to the diversion strenuously. Some hon. gentlemen have said that it has been a sort of passive objection. It has not been of that character at all. All these suggestions that I have mentioned have come from the city of Chicago. The city is fighting American municipalities along the lakes, who are objecting just as strenuously as we are, and who, I take it, are being affected as adversely as our Canadian municipalities along the Great Lakes.

Mr. McQUARRIE: To whom have our objections been made?

Mr. STEWART (Argenteuil): We have made objections through the British Embassy, to the American government. Copies of them are on file here, and my hon. friend can read them all. I want to make it clear that we have not at any time agreed to the diversion of a single foot of that water, but on the other hand we have protested against it strongly. Of course, I do not expect to get back the water that has gone down to the gulf, but I do hope to put a barrier across the mouth of that canal and stop any more water going down.

Mr. EULER: Have the protests been made directly to the government of the United States?

Mr. STEWART (Argenteuil): Yes.

Sir HENRY DRAYTON: Will the minister tell us what answers the government of the United States have made to those protests?

Mr. STEWART (Argenteuil): The answers are all in the record.

Mr. BALDWIN: The discussion on both sides of the House has been very unanimous. One would have thought that the municipalities along the lower Mississippi, in view of the great difficulties on the lower Mississippi river and the enormous cost of building dykes to prevent flooding great areas, would have been adverse to Chicago diverting a large amount of water from the Great Lakes. This is a very serious matter. The greatest inland waterway in the world seems to be in peril. The diversion of water affects lake Ontario, lake Erie, the St. Clair river, lake Huron, lake Superior and lake Michigan as well as the cities located on the shores of these great lakes. A number of American cities are alive to the danger involved as well as

ourselves—notably Buffalo, Cincinnati, Detroit Superior and other cities. These great communities are acting jointly in an effort to prevent this diversion by the Chicago sewerage system.

Then there arises the question of what shall be done in the case of power developed on the St. Lawrence and the Great Lakes system. One of the worst features of the proposed joint hydraulic development on the St. Lawrence is the exportation of power to the United States. It is contended by some people in this country that if power is allowed to be exported to the United States that in the course of three or four decades a sort of vested interest will be established and any move to discontinue that exportation even in the interest of Canada herself will be met with strenuous opposition. Accordingly it is argued that Canada cannot consent to any such exportation because in the course of time it will be instrumental in building up towns and cities in the United States, whose industrial life would depend upon its continuance and they would fight to the utmost to prevent a termination of the contract. That is one reason why I am emphatically opposed to the exportation of power developed from Canadian sources to the United States.

I am glad to see to-night such a unanimity of opinion on the question of the diversion of water for the Chicago drainage canal. It is well that the message should go out to Washington that the representatives of the Canadian people in parliament assembled are determined to safeguard, as far as they can, the maintenance of the level of the Great Lakes, and that they are desirous of preserving for Canada her share of the water-power capable of being developed on the St. Lawrence. I am glad to add my voice to what appears to be the unanimous opinion of hon. gentlemen, regardless of party, on this question.

Mr. BRISTOL: I wish to say to the minister that it appears to me from his statement that he is considering the situation from the point of view that certain states of the United States are to-day litigating with the city of Chicago to prevent what is going on. Now, I wish to point out that our rights are not dependent on any legal proceedings between different states of the union and the city of Chicago; they are treaty rights which are not in any way connected with such litigation. That being the case we have no particular reason as a country to wait until the states in question litigate with the city of Chicago; we have no interest in such a matter as that at all. Our duty as a country is to see that our treaty rights are maintained and that they should not be interfered with in a manner that is obviously causing damage to the people of this country from a power point of view and from the point of view of what is happening to Canadian harbours. That is the real matter at issue, not the awaiting of the result of litigation between certain American states and the city referred to. It seems to me, with all respect, that the government's right, under the treaty, is one that should be enforced in the strictest possible fashion, dealing directly with the United States government. Let the other parties to whom allusion has been made fight the matter out among themselves.

Mr. MACLEAN (York): I should like to ask the minister whether he has had any consultations in regard to this question with the joint committee which has been appointed to consider the question of the St. Lawrence waterways and the canals?

Mr. GRAHAM: The International committee has been called together for June 11, when this matter may be discussed by them. I am very much pleased that this discussion has taken place because, I think it is well for the United States to know how the Canadian parliament feels on the subject. I think that rather than resenting the raising of the question the minister will welcome this discussion. I am sure it will be pleasing to the people to know that the House of Commons of this country is standing up firmly for Canadian rights. The matter is one that concerns the governments of the two countries. I agree thoroughly with the hon. member for Centre Toronto (Mr. Bristol) that although there may be litigation awaiting decision, although a committee at Washington may be considering the question, our rights in this matter stand on much higher ground. The government of Canada, on behalf of the Canadian people, claim that Chicago has no right to continue the diversion of water, part of which belongs to the Dominion, without our consent. Now, our consent to that diversion has not been and will not be given. Such action as we are taking is being taken through the government as a whole and not by any particular minister. I can confidently assure the House that the government is taking every step which the situation calls for, not through any sort of side-door action, not keeping in mind any particular litigation; we are not going to pre-suppose that our rights stand on that

kind of basis. We are going to stand on the treaty rights which Canada possesses, and we propose to do everything possible to see that those rights are maintained.

Mr. CALDWELL: I thoroughly agree with the remarks made by previous speakers on the subject of the diversion of water from the Great Lakes by the Chicago Drainage Commission. However, that is not what I rose to speak about at the present time. I wish to call the attention of the minister to a matter which I have already drawn to his notice this session. I think the matter has also been brought to the attention of the government on various other occasions. It is the question of the diversion of water from the St. John river to the Penobscot river by a dam at a place called Chamberlin lake on the Allagash river. The dam and the stream are in the United States, but the stream itself is tributary to the St. John river which is international boundary water for a short distance and then becomes Canadian.

Mr. BUREAU: Are the dam and the stream in the United States?

Mr. CALDWELL: Yes. There is Chamberlin lake on the headwaters of the Allagash river, and the natural outlet of this river is into the St. John which is a Canadian river. There has been a dam built which prevents the flow of the water out of the natural channel. An artificial canal has been constructed to divert the water into the Penobscot river. This was done some years ago, and I believe no protest was made at the time. It was done by lumbermen, not under any international agreement whatever, but done by lumbermen who wanted to drive logs down the Penobscot river, in order to get an additional supply of water. However, at the present time the government of New Brunswick is making a survey of St. John river at a point near Grand Falls for the purpose of developing water power, and this diversion of water will be a very serious handicap to this enterprise. I called the attention of the minister to this matter some weeks ago. I do not know whether he has made any inquiry, if he has not I wish he would. I understand that some time after this dam had been built a protest was made by the Canadian authorities, but there was a tentative agreement entered into when the protest was made by Canada that the dam would be allowed to stand as a wooden dam, not of a very permanent character, but that they would not be allowed to rebuild it; and that when the immediate necessity to drive lumber was over, the dam should not be rebuilt, and the water should be allowed to return to its natural channel in due course. That time has arrived and we want that water now possibly worse than we ever did before or ever will again. It will be impossible to make improvements in the development of the water power at Grand Falls if this dam remains. The hon. member for Restigouche and Madawaska (Mr. Michaud) knows very much more about this than I do. He represented Victoria county previous to the year 1917. I think he took the matter up on previous occasions, and I would like him to give the minister the benefit of his views.

Mr. MICHAUD: In 1842 a treaty was negotiated between the United States and Canada in connection with the American boundary between the province of New Brunswick and the state of Maine. This treaty is called the Ashburton treaty, and it was understood between the two countries at the time the treaty was signed that, in order to develop industries, to encourage trade and commerce and to facilitate transportation between the two countries, the St. John river should be made an international boundary, and when we speak about the St. John river it includes its tributaries. The Chamberlin lake is at the head of the Allagash river. In order to divert the water from the Allagash river the lumbermen of the state of Maine went to the legislature at Augusta and obtained authority to dig a canal from the Chamberlin lake into the Penobscot river. In doing this they diverted the water from the Chamberlin lake, and prevented it running into the Allagash river, so that the whole of the water of that lake ran into the Penobscot river. The people of New Brunswick objected to the company being authorized by the state of Maine to dig a canal in order to divert that water. At first the state of Maine refused to allow this company to go to work, but about twenty or thirty years ago the same company obtained authority from the state of Maine, and began to dig their canal, and diverted that water. Since that time our province has protested against such diversion of water. During the first or second year I was in the House of Commons I brought this matter up, and it was understood that it would be taken up with the authorities of the state of Maine. A few years afterwards—I think about the year 1909—the International joint waterways commission was appointed by the government of Sir Wilfrid Laurier.

Sir HENRY DRAYTON: Mr. Barnhill was on that commission, I think.

Mr. MICHAUD: Yes, and I believe the commission is still in existence. We Canadians have been endeavouring to persuade our American friends to remove that dam at the foot of Chamberlin lake, and to give us an opportunity to have all this water which should come to us. One of the great disadvantages caused by the diversion of this water is that in the spring of the year, or in the latter part of June especially, we are driving into the St. John river from the headquarters about 500 million feet of lumber. When the water runs down very rapidly all that lumber floating down may go to the shore and ground there. On one or two occasions we had to go to the state of Maine and beg them to close up the dams, and let the water from the Chamberlin lake run into the Allagash river and the St. John river. I say that they have monopolized entirely the waters of that river; and, judging from what my hon. friend has said, this is not confined to districts where I live, or the district where the hon. member for Victoria and Carleton (Mr. Caldwell) lives, but it applies to all the waters for a distance of about two hundred miles. The St. John river is navigable from St. John to Fredericton, and we feel that we suffer a great loss by the diversion of this water, because it interferes with the transportation of lumber and affects our trade and commerce as far as Fredericton. I hope the Minister of the Interior will take the matter up. I think the hon. member for Victoria and Carleton brought this question up in the early part of the session. We are very much in earnest, and we feel we have been more or less abused by our American friends. If we let them go ahead in the future I do not know what will become of the country.

Mr. CHURCH: I think the House is entitled to more information on this question. It was debated one afternoon some time ago, and at the request of the government it was laid over to be brought up again. I am not satisfied that the minister and the department are doing all that could be done in this matter. At the present time in many of the harbours on our Great Lakes, such as lake Erie, lake Ontario and in many ports on the St. Lawrence, the depth of water is from two to three feet lower than it was some years ago. The question involved is the construction of the boundary waterways treaty of 1909 made between Great Britain and the United States. There is no reference to Chicago in that treaty, and the word "Chicago" is not even mentioned in it from beginning to end. It is true the Chicago people had the consent of one party to the treaty—the United States—to taking 4,167 cubic feet per second, but they have not the consent of the people of Canada or the people of Great Britain to the diversion of even that much water. The matter is now before the courts, the judges found against the diversion, and now an appeal has been taken to the Supreme Court of the United States, but in the meantime the damage done to Canadian interests amounts to $35,000,000 a year. That is the commercial value of the power which could be developed from the water which is being pilfered by the Chicago drainage people. Deputations from Canada are now going down to Washington, and it is rather humiliating to the people of this country to find that over the head of the British government, over the head of the Canadian government and over the head of the British Embassy at Washington, private deputations, who do not represent the people of Canada are appearing before the Rivers and Harbours committee of a foreign country. It is not in keeping with British institutions and traditions that deputations should be appointed and should appear before a committee of the congress of a foreign country on this particular question. It is all very well to make a protest. For 15 or 20 years protests have been made in regard to this matter. Every port on the Great Lakes is in jeopardy in this matter. The diversion is interfering with the interests of trade and commerce and the power interests of Ontario and Quebec are in jeopardy to-day as a result of the diversion.

Millions of dollars are being wasted every year. The time has come for something more vigorous than mere protests or sending some minor official of the minister to Washington to look after a matter like this. The time for protests has gone by; the time has come for action. What is the International Joint Commission for? Is it just to be a debating society? The boundary waterways treaty was discussed in this House in 1909 for days and weeks. Is it to be turned into a scrap of paper by the government of the United States? We are told that Canada is a nation. If Canada is a nation, let Canada be up and doing and put a stop to this pilfering and theft of water, contrary to the waterways treaty, by the government of the United States. It is all very well to talk, but the government of the United States is responsible for this Chicago diversion of water in excess of what is allowed by the treaty. It will be very serious for the public works at different ports along the rivers and lakes of this country if this question is to be made a political football. While the

Canadian government is not a party to the treaty, the government of Great Britain is a party and the government of the United States is a party. Not one word of the treaty mentions the Chicago drainage system at all. That came in as an afterthought. They are not authorized by the treaty to take any water.

Before the Rivers and Harbours committee in the United States they are criticising the government of Ontario for taking water from the Chippawa canal. The Ontario government are taking 12,000 cubic feet less than the treaty gives them. The treaty gives them about 32,000 cubic feet; they are exporting 12,000 cubic feet of that to the United States, and the United States which are allowed 24,000 cubic feet, have in addition 12,000 cubic feet of Canada's allotment of 32,000 cubic feet, so that the United States are getting 36,000 cubic feet and Canada is getting only about 20,000 cubic feet. Therefore, that argument before the Rivers and Harbours committee is an utter fallacy. They have not a leg to stand on before the courts. Judge Landis rendered a decision granting an injunction against them and they went to the Supreme Court of the United States. They are at present before the Supreme Court of the United States and the bill before congress is just a bill to kill time.

If we are a nation, let us, by all lawful means, put a stop to this thing, have it abandoned, and let the party responsible for it be brought to time by the government of Canada. If we are to believe what the government say about Canada being a nation, if Canada is a nation, let us see that our treaty, the treaty of Great Britain, which is to-day being turned into a scrap of paper by the people of Chicago, is respected. The Chicago authorities are preparing plans now for a diversion of 20,000 cubic feet a second, and they are seeking to have a canal going away down through the United States, following the Ohio and Mississippi rivers right down to the gulf of Mexico. That is where the water of the Great Lakes will wind up. What is the use of protesting to people like these? They do not respect the treaty; they do not intend to respect it; they have treated it as a scrap of paper. On the government of the day is the responsibility, because the provincial governments, the municipalities, the harbour boards of the country, the Dominion Marine Association, the navigation interests, right up to the head of the lakes, have all protested, but their protests might just as well not have been made. The time for talk has gone by and the time for action has come. The minister has not been as alert as he might have been in connection with this particular question. We want our treaty carried out to the letter. Instead of merely protesting, we should see to it that a treaty entered into solemnly by the United States government and the British government is lived up to. The government of the United States would not tolerate for one moment the city of Hamilton or Windsor or some other Canadian city attempting to divert fifteen, twenty or twenty-five thousand cubic feet of water from the Great Lakes. Canada has kept her part of the treaty to the letter. She has given the United States of her allotment 12,000 cubic feet of water for the development of electrical power in that country.

I do not say that the present minister is altogether responsible for the present situation, because he has been in the department for only a couple of years. Still, there should be some negotiation between the two governments. The International Joint Commission is empowered by the waterways treaty to make an investigation. What has become of this commission? Are the commissioners receiving their salaries now and are they able to take care of this question? Coming from a large city, greatly interested in this particular problem, and coming from the province of Ontario which is interested from a navigation and light and power standpoint, I wish again to register my protest against the way in which this matter is being dealt with by all concerned. It is the duty of the people of the United States to bring the Chicago drainage canal district to time. We are part of the British government. Let us conduct our protest through the British government, the Canadian government and the British Ambassador at Washington and not have a large number of deputations going to Washington and making protests. The protests should go through the proper channel and not through provincial and municipal channels.

Mr. MACLEAN (South York): I should like to present the case from another point of view. Ontario is largely interested with the United States on the borders of the St. Lawrence river in the development of horsepower, and there is a great demand for that horse-power now. As Sir Adam Beck pointed out not long ago, in certain eastern Ontario towns there is a growing scarcity of power. That power is limited by the quantity of water, and if the water is diverted at Chicago, there will be less power at Cornwall island. Ontario has a real interest in that power and does not want to be deprived of a single

horse-power of it, but wishes to get her full share. Ontario is as much interested in this matter as other portions of the country, and the government ought to move rather rapidly in securing our rights in this matter.

Mr. MacLEAN (Prince): I rather agree with some of the last statements made by the hon. member for North Toronto (Mr. Church), that if this treaty is negotiated between Great Britain and the United States, the proper course for the government would be to seek the assistance of Great Britain to see that the treaty is lived up to. But I think the hon. member for North Toronto used rather strong language when he suggested that we should repudiate a treaty that had been entered into solemnly between the two countries. Surely there is a better way of dealing with the matter. Surely some negotiations can be entered into whereby this matter can be adjusted without sacrificing the honour of the Canadian people and possibly the honour of the British Empire. I think we are using fairly strong language when we go that far.

10 p.m.

Sir HENRY DRAYTON: Mr. Chairman, the hon. member for Prince has entirely misunderstood the tenor of the remarks which were made by the hon. gentleman from North Toronto (Mr. Church). He does not seek to have anything repudiated; all he desires is that sacred international obligations should be lived up to, and that the government should see to it that nothing is left undone to ensure their observance. I agree with a great deal of what has been said by the Minister of Railways and Canals (Mr. Graham). It is a good thing that everybody should know where we all stand in connection with this matter. Canadian interests are really very much greater and very much more important than we have yet had pointed out to us, because the farthest western part of the prairies is to-day interested in the navigability of the water route to the St. Lawrence, and to the provinces of Ontario and Quebec the maintenance of the water level is absolutely vital. For example, what is to happen to the large interests in Ontario of the Hydro Electric Commission, and the large interests in Quebec of the power companies if their waters, which are international waters, can be withdrawn without reason and without excuse, contrary to all the provisions of international treaties made between civilized nations in this century? It is a very important question for them. Now, in view of the assurance given by the government I am going to take it for granted that they realize the seriousness of this matter.

[Mr. W. F. Maclean.]

At an earlier part of the discussion I asked for particulars of what protests had been lodged by the government with the United States government, and my hon. friend the Minister of the Interior (Mr. Stewart) said that a return had been brought down. I have not had an opportunity of seeing that return. I have no doubt it was my fault, but I frankly say I did not notice that the return had been tabled. Unless my hon. friend says something to the contrary, I am going to take it for granted that that return will give all the information which the government thinks ought to be disclosed at the present time.

Mr. STEWART (Argenteuil): I may supplement what I stated by saying that if we have an answer to the most recent despatch I will take an opportunity to place it along with the other papers.

Sir HENRY DRAYTON: Then, Mr. Chairman, I would suggest to my hon. friend that instead of having a long discussion on this question, as promised by the government at the last adjournment, we might wind it all up under this vote. We could do that after we have had an opportunity of looking over the file before the item is finally passed, but the minister will see that until we have had such an opportunity we could not very well deal with the matter. It appears to me that this would be a shorter method of procedure.

Mr. STEWART (Argenteuil): I am perfectly willing to let the item stand.

The CHAIRMAN: Very well, this item stands. We will take up the Lake of the Woods Control Board vote.

Amount required to meet expenses of Lake of the Woods Control Board, $10,000.

Mr. McQUARRIE: Not dealing with this particular subject, but with the whole item covered by vote 290, I should like to call the attention of the minister to the fact that on April 7 last, as will appear by reference to pages 1117 and 1118 of Hansard, he promised to bring down certain information as to the revenue of the Dominion timber and land offices in British Columbia, and also I should like to call his attention to a very inaccurate statement which he made on that occasion—I presume unintentionally and due to misinformation. I refer to the answer of the minister, which will be found on page 1117 of Hansard, as follows:

Mr. Stewart (Argenteuil): Answering the hon. member for New Westminster, for the fiscal year 1922-1923 the revenue collected at New Westminster was $34,041.16; Revelstoke, $47,140.07; Kamloops, $43,128.83.

I questioned the correctness of those figures at the time and I have since ascertained that they are absolutely inaccurate and misleading. I am informed that the revenue collected at the Dominion timber office—not the Dominion timber and land office—at New Westminster during the year ending March 31, 1923, which is the period corresponding to that mentioned by the minister, excluding the amount paid direct to the department, was not $34,041.16 at all, but, $175,378.44. I am also informed that for the next fiscal year ending March 31, 1924, the amount, excluding that paid direct to the department was $266,834.80. I am further informed that the revenue received in the New Westminster office is more than that received in all the other offices in British Columbia put togther. Now, Mr. Chairman, it seems to me unfortunate that inaccurate information of this kind should be given.

Mr. STEWART (Argenteuil): If my hon. friend will permit—I do not just follow him. In the first instance he states that I was to bring down those figures; then he proceeds to quote from figures that are in Hansard.

Mr. McQUARRIE: Possibly I should have gone into the subject a little more extensively. To set the minister right and bring it back to his memory perhaps I had better read the question I asked, which appears on page 1117:

> Could the minister tell us the amount of revenue received from the timber office and the land office in New Westminster during the last two years, giving the figures for each year separately?

Then further on I asked for information as to all offices in British Columbia. The information my hon. friend gave is reported on page 1117 of Hansard and it is only for one year.

Mr. STEWART (Argenteuil): I think my hon. friend is correct. I did not have the full information at that time, but I have it before me now.

Mr. McQUARRIE: The figures were given as being for the fiscal year 1922-23. If the minister has the correct information now I should be glad to have it.

Mr. STEWART (Argenteuil): The figures for 1922-23 are as follows:

Agency	Dominion Lands	Crown Timber	Mines	Total
Kamloops.. ..	$5,049 72	$ 30,329 55	$ 379 93	$ 35,759 20
Revelstoke. ..	1,722 08	43,860 43	364 20	45,946 71
New West A.D.L.	3,161 46	.....	33,906 23	37,067 69
New West C.T.A.	.....	178,627 50	.....	178,627 50
Totals	$9,933 26	$252,817 48	$34,650 36	$297,401 10

Mr. McQUARRIE: Can the minister give the figures for 1921-22 also? The question was with regard to the figures for the last two years.

Mr. STEWART (Argenteuil): These are the figures for 1921-22:

Agency	Dominion Lands	Crown Timber	Mines	Total
Kamloops.. ..	$6,207 09	$ 49,279 87	$ 743 55	$ 56,230 51
Revelstoke. ..	2,358 64	21,925 97	524 40	24,809 01
New West. A.D.L.	2,243 63	.....	57,101 64	59,345 27
New West. C.T.A.	.....	153,000 41	.....	153,000 41
Totals	$10,809 36	$224,206 25	$58,369 59	$293,385 20

Mr. McQUARRIE: Has the minister that information for 1923-24?

Mr. STEWART (Argenteuil): No.

Mr. McQUARRIE: The figure I have for this year, crown timber alone, is $266,834.80, being an increase over the previous year of $91,456.36. Will the minister give us the particulars of this item of $10,000?

Mr. STEWART (Argenteuil): This is the annual vote for the power board that was appointed in connection with the Lake of the Woods control. There is a very serious situation in connection with the administration of the Lake of the Woods. The provinces of Ontario and Manitoba, the United States, and the Dominion of Canada, are all interested. This amount is to carry on that work.

Item agreed to.

World Power Conference, $15,000.

Mr. McQUARRIE: Will the minister give the details of this item?

Mr. STEWART (Argenteuil): A world power conference is being held in London this year at which practically all nations interested in power development will be represented. Canada is taking a rather prominent part in the discussions. We are sending Mr. Challies, who is in charge of power development in Canada; Mr. Murphy, who is electrical engineer in the Department of Railways and Canals, and Mr. Haanel. These three gentlemen will represent the federal government. A good proportion of this amount will be used to advertise the power possibilities of Canada. The Scandinavian countries have invited the engineers who will attend the conference to visit the power developments in their countries. Important papers will be read at the conference

and information of great value will be disseminated. Our hope is that we will advertise the tremendous power possibilities of Canada at this very important meeting, and we are asking for $15,000 to defray the expenses.

Mr. McQUARRIE: The minister says that certain gentlemen are to be sent over from Canada, and has stated their qualifications, to all of which I take no exception. He says also that a part of the money is to be spent for advertising Canada's power possibilities. My question was for the purpose of getting this information more in detail. How much is to be spent for the expenses of the gentlemen referred to, how much for advertising, and in what manner will the money be spent for advertising?

Mr. STEWART (Argenteuil): It is a little difficult to estimate. We have definitely prepared some advertising which will cost us about $8,000. We will have to pay the expenses of the delegates, who will be allowed $15 a day while they are away. Their salaries, of course, will go on as usual, but their travelling expenses will come out of this vote. Beyond the $8,000 I have mentioned we have not definitely allocated the expenditure. Outside the expenses of the delegates, whatever portion of the vote is expended will be devoted to advertising the power possibilities of Canada.

Mr. McQUARRIE: In what way will it be expended? What kind of advertising are we going to get?

Mr. STEWART (Argenteuil): We are preparing pamphlets on the subject of the possibilities of power development in Canada. The following papers are to be presented at the conference: The Water-Powers of Canada, their nature, extent and administration, by Mr. Challies; The Fuel Resources of Canada, their utilization for production, and other purposes, by Mr. Haanel; The Generation of Hydro-Electric Power in Canada, by Mr. H. C. Acres, who by the way, is being sent by the Ontario government. Sir Adam Beck, Mr. Gaby and Mr. Acres, the two engineers of the Hydro-Electric, are to take part in this conference, as well as representatives from Quebec, British Columbia, and every other province in Canada in which the people are interested in power development and utilization, but the money we are asking from parliament is to pay the expenses and to do the necessary advertising that is in the interests of Canada.

[Mr. C. A. Stewart]

Mr. McQUARRIE: As I understood the minister, $8,000 of this item was for advertising.

Mr. STEWART (Argenteuil): That is the only definite amount we have allocated. These pamphlets are being prepared for distribution.

Mr. McQUARRIE: That is to say, the government is going to send out $8,000 worth of these pamphlets?

Mr. STEWART (Argenteuil): Yes.

Sir HENRY DRAYTON: This is a world conference. Is it an international conference, or a conference of different people throughout the world who are interested in power production?

Mr. STEWART (Argenteuil): Representatives are being sent by different governments.

Sir HENRY DRAYTON: Then it is an international conference. Will it be one of the functions of this international conference to deal at all with international waters and the rights of nations therein, or anything of that kind?

Mr. STEWART (Argenteuil): No, purely for power development.

Sir HENRY DRAYTON: Then I take it, it is really a conference that is being brought together by a body with headquarters in London, which is sending out invitations to different governments to send people over who would be interested in that question.

Item agreed to.

Grant to Western Canada Irrigation Association, $1,000.

Sir HENRY DRAYTON: Is that the old item?

Mr. STEWART (Argenteuil): Yes.

Item agreed to.

To provide for the expenses connected with Canadian National Parks, historic sites, care of indigents in the parks, etc., and to re-imburse the provincial government for the salaries of police magistrates at Banff and at Jasper, $1,000,000.

Mr. McQUARRIE: What are the details of this item?

Mr. WALLACE: How much of this vote is for marking historic sites, and which are being marked this year?

Mr. STEWART (Argenteuil): The details are as follows:

	1924-25
Rocky Mountains Park	$335,000
Jasper Park	239,000
Buffalo Park	65,000
Yoho Park	40,000
Glacier Park	12,500
Waterton Lakes Park	43,000
Revelstoke Park	17,500
Elk Island Park	20,000
Kootenay Park	69,000
Highway Engineering	31,000
Head Office	48,000
Publicity	35,000
Historic Sites	25,000
Fort Anne Park	3,000
St. Lawrence Islands	3,500
Point Pelee Park	3,500
Antelope Reserve	2,500
Town Planning	6,000
Vidal's Point	1,500
	$1,000,000

Sir HENRY DRAYTON: I notice a reduction in this item, which I have no doubt everybody will be very glad to see. What is the number of officials whose salaries are covered by this vote, and what number is being let out? While the deputies are looking that up, perhaps the minister could tell me how much was spent last year.

Mr. STEWART (Argenteuil): $1,269,827.23.

Mr. WALLACE: What historic sites are being marked this year, and what is the nature of the monuments that are being erected?

Mr. STEWART (Argenteuil): The monuments take the form of a boulder or cairn with a bronze tablet.

Mr. WALLACE: That does not answer my question as to what particular ones are being marked, and the nature of the various monuments. Surely there must be more than one.

Mr. STEWART (Argenteuil): Does my hon. friend want the whole list of names?

Sir HENRY DRAYTON: Not if the list is a very long one, I do not want to take up too much time.

Mr. STEWART (Argenteuil): It is quite long.

Sir HENRY DRAYTON: Perhaps my hon. friend could let us have the list. I am interested in knowing just exactly how the machinery works. Generally it works quickly enough but frequently not with sufficient fairness. I wonder if my hon. friend has got a list of the names of the released appointees and the date of their appointment; also a list of the people still kept on and when they were appointed?

Mr. STEWART (Argenteuil): I have a complete list but it is rather long. I should be very glad to turn it over to Hansard if that meets with my hon. friend's views.

Sir HENRY DRAYTON: If the date of the appointment in each case is not given it will not be of very much use. How many men were dismissed?

Mr. STEWART (Argenteuil): I have no knowledge of any being dismissed, but there are resignations.

Sir HENRY DRAYTON: How did they resign and under what law? Did they resign under the Calder Act, or were they simply told, as in the case of another department, "Just sign here." How was it done? My hon. friend can get pointers in this connection from the genial Minister of Agriculture. He will inform him as to the way to get heads into the basket.

Mr. STEWART (Argenteuil): I have no knowledge of any heads being in the basket.

Sir HENRY DRAYTON: You see we are getting a bit suspicious as to the observance of ordinary decency, fair play, and honesty in connection with these cases after the Torrance case. That is why I am asking my hon. friend for a frank explanation.

Mr. STEWART (Argenteuil): If my hon. friend has any particular individual in mind—

Sir HENRY DRAYTON: I am not interested in any particular individual. I am only interested in the proper observance of the Civil Service Act. I do not know a name on the list; I simply ask for the general information.

Mr. STEWART Argenteuil): Well, I think I can assure my hon. friend that every resignation that has taken place occurred in the ordinary way and the treatment provided for in the Civil Service Act was accorded to each individual. I have no knowledge that any other course was taken.

Sir HENRY DRAYTON: There is no question then of duress, it was not a case of "You sign there"?

Mr. EVANS: Has any franchise been granted to any company to construct dams in the Canadian National parks, and what is the policy of the government in such cases?

Mr. STEWART (Argenteuil): My hon. friend could not have been in the House when I replied to that question. I answered it on a former occasion, and again to-night in response to the hon. member for Vancouver

Centre (Mr. Stevens). I informed him that an application had been received on behalf of the Alberta government since the last discussion of the matter, but that the attitude of the department was just the same as when previously expressed.

Sir HENRY DRAYTON: I notice that this item reads in part "care of indigents in the parks, etc." How much money has been spent on indigents in the parks and what is the meaning of "etc."?

Mr. STEWART (Argenteuil): That is owing to the fact that we have no municipal government in our national parks. The federal government, as my hon. friend knows, leases the ground area upon which buildings are erected and assumes more or less responsibility for muncipal organization, with the single exception that at Banff there is a citizens' committee who are of very great assistance in the carrying on of municipal work there. Last year owing to the closing down of Brulé mine, which is within the boundaries of Jasper park several families were left in serious distress. The Auditor General points out that we have no authority to relieve such cases of distress without making definite provision for that relief in the estimates. Provision has accordingly been made for taking care of cases of that character.

Sir HENRY DRAYTON: I suppose the House can take it for granted that this vote will only be used for indigents actually in the park?

Mr. STEWART (Argenteuil): Oh, absolutely.

Sir HENRY DRAYTON: Not for the purpose of paying the bills of municipalities that hitherto have not been recognized? Has this department any bills from municipalities at the present time with reference to indigents?

Mr. STEWART (Argenteuil): None that I am aware of.

Sir HENRY DRAYTON: I was not so much objecting to the department looking after these indigents. I was trying to find out how much money was being spent for the purpose, and my question was what the word "etc." meant?

Mr. STEWART (Argenteuil): In connection with Rocky Mountain park, we spent for this purpose in 1920-21, $75; in 1921-22, $150; in 1922-23, $632.30; and in 1923-24, up to 30th November last, $2,100.31; making a total expended for that purpose since the first mentioned year of $2,957.61.

[Mr. C. A. Stewart.]

Sir HENRY DRAYTON: I asked my hon. friend what the estimate was and he has given me the actual figures of expenditure for which I am very much obliged to him. The figures indicate that under the sun of prosperity with which the present government are irradiating the country the expenditure on indigents in these parks has gained by something like 300 per cent, or a little better, in one year. What is the estimate under the new budget? Are you going to multiply that again by three hundred? How much is included in this vote for this purpose?

Mr. STEWART (Argenteuil): I may say that the greater part of the expenditure has evidently been incurred in connection with the case of one man.

Sir HENRY DRAYTON: How much is put in for this year?

Mr. STEWART (Argenteuil): Two thousand dollars.

Sir HENRY DRAYTON: That is the estimate.

Mr. STEWART (Argenteuil): We have not segregated absolutely $2,000, because we cannot tell absolutely what it will be.

Sir HENRY DRAYTON: I quite understand that. Where are the savings made in this money? Which park is going to have the smaller amount?

Mr. STEWART (Argenteuil): On account of the construction last year of an electric plant there was a large expenditure, and of course we have not that expenditure this year. There is not very much reduction elsewhere.

Sir HENRY DRAYTON: I want to know whether this is a reduction on account of the finishing of governmental activities. In due course these activities should disappear.

Mr. STEWART (Argenteuil): We increased from about $950,000 in park expenditure, I think, in 1921-22, to the amount of last year. That was occasioned largely by the installation of the power plant. We have had innumerable applications for improvements to parks, and pressure brought to bear upon us to spend money upon them, but I thought that if we judiciously spent a million dollars that would be all that we could afford to spend on the maintenance of our national parks. I am not for a moment saying that we could not spend more to very great advantage, but that is what we are trying to get along with.

Sir HENRY DRAYTON: Will this bring us back to about 1921?

Mr. STEWART (Argenteuil): Yes.

Sir HENRY DRAYTON: So that with this reduction we get back to the basis of the expenditure for 1921.

Mr. STEWART (Argenteuil): No, not quite, but practically to that basis.

Sir HENRY DRAYTON: How much higher are we?

Mr. STEWART (Argenteuil): Probably $50,000. Of course I do not say that I am absolutely accurate in that. I am speaking from memory.

Sir HENRY DRAYTON: I thoroughly agree with my hon. friend as to resisting requests for extensions of work there. We should not be spending any unnecessary money on parks in that district, but I wonder if the minister could not bring about some further economies. We have no real economy here at all. The extra work has been done, the power plant is finished, and we are only getting back to within $50,000 of the amount it cost to maintain the parks in 1921. Can we not get below that?

Mr. STEWART (Argenteuil): I think my hon. friend will agree with me that the bulk of expenditure on park improvements has been made in Banff, or Rocky Mountain park. It is served entirely by the Canadian Pacific Railway. So far as further improvement is concerned in this park, I think we might very well rest, simply carrying on maintenance. My hon. friend will realize that with the expenditures for roads which have been made in the past, road maintenance now amounts to a considerable sum each year. In the Jasper park little or no improvement has been made. That park is on the line of our National Railways. I have thought it well that we should, in the interests of the National Railways, and to encourage tourist traffic, make further improvements in Jasper park, and that it would be a good investment in the interests of the National Railways as well as an encouragement to tourists to visit the northern part of the Rocky mountains. With that thought in mind, with judicious expenditure, I am convinced that if we do not exceed the amount I am asking this year, it will be money well spent and there will be an adequate return for the outlay.

Mr. HAMMELL: The hon. member for West York (Sir Henry Drayton), appears to take great satisfaction in the reduction shown in this item. I for one think this is false economy. The expenditure of money in the development of tourist traffic in this country is a matter to which I think this government should give more serious consideration. Some time ago I pointed out to this House that in considering the sources of revenue from the natural resources of this country, the tourist traffic should rank third. I agree with the minister that probably enough money has been spent in the western parks of Canada. There are a great many other sections of this Dominion immensely suitable for the attraction of tourist traffic; and I feel that if some method were devised whereby we could co-ordinate the various tourist associations of this country under one head, say the Parks branch, and concentrate our efforts upon the development of the tourist traffic, it would be a good thing for Canada.

Mr. WALLACE: Has the minister under his hand a list of the historic sites which are marked this year?

Mr. STEWART (Argenteuil): Would it meet the request of the hon. member if we would prepare a list and either give it to Hansard or send it to him? It is sometimes difficult to segregate them here. We will be glad to file a list.

Mr. WALLACE: If the information is not right at hand I would not press it.

Mr. CALDWELL: Was the question with regard to the sites to be marked this year?

Mr. STEWART (Argenteuil): Yes.

Mr. CALDWELL: I brought to the attention of the department last year a site in the province of New Brunswick which I think should be marked. It is the site of the old fort at Meductic, on the St. John river. The landmarks are becoming pretty well obliterated, but it would be possible at the present time to locate this old fort. It was an important point in the early history of the province of New Brunswick I think, if I am not mistaken, that some officials in the department told me it was up for consideration last year. Has it been considered this year, or a little more than considered?

Mr. STEWART (Argenteuil): The superintendent tells me that it will be under consideration by the board to-morrow.

Mr. SHAW: Is the electric lighting plant that the minister referred to completed and in operation, and if so, what is the total cost of that plant to the department?

Mr. McQUARRIE: I notice a part of this item is to reimburse the provincial government for salaries of police magistrates at Banff and Jasper. Will the minister explain that item.

Mr. STEWART (Argenteuil): We have been having some difficulty in connection with the administration of law and order in the park. We have, as you know, the Mounted Police looking after the park; we have many tourists there and frequently have rather difficult cases to be taken care of in a magisterial way. Formerly, under the act, the magistrate at Banff was appointed by this government. We have now asked the provincial governments to appoint the magistrates and we pay them.

Mr. McQUARRIE: How much under this item?

Mr. STEWART (Argenteuil): $2,600 to the magistrate at Banff and $2,200 to the magistrate at Jasper.

Mr. McQUARRIE: The parks are not within any municipality?

Mr STEWART (Argenteuil): No.

Mr. McQUARRIE: I presume the magistrates are required for the purpose of enforcing the regulations in the park?

Mr. STEWART (Argenteuil): For all purposes, yes.

Mr. McQUARRIE: I suppose the cases which come before the magistrates are mainly breaches of the regulations in the park?

Mr. STEWART (Argenteuil): That is part of their duties, but all infractions of law that are within their jurisdiction come before them.

Mr. McQUARRIE: The police themselves, I presume, would not be able to provide machinery for that kind of thing?

Mr. STEWART (Argenteuil): I think my hon. friend, who is a lawyer, will agree with me, that it is hardly fair to have the body adjudicating that lays the charge.

Mr. McQUARRIE: I was thinking about what happens in New Westminster in connection with another department, Indian Affairs, which comes under the jurisdiction of the minister. I have in mind a difficulty which has arisen there owing to a conflict of jurisdiction between the police magistrate and the Indian agent, and the objection that has been made to the minister by reason of the fact that the Indian agent at New Westminster insists on trying cases for breaches of the Indian Act when there is in the city a police magistrate before whom these cases should be heard.

The CHAIRMAN: The hon. member is out of order in the debate which he is entering on now.

[Mr. McQuarrie.]

Mr. McQUARRIE: Speaking to the point of order, I was asking the minister whether it would not be possible for someone in his department or in the department of the police to take care of these prosecutions, and the minister rather laughed at that proposal—

Mr. STEWART (Argenteuil): No.

Mr. McQUARRIE:—and suggested that that would be rather unfair. I am calling attention to something that has actually taken place in another department under the jurisdiction of the minister.

Mr. STEWART (Argenteuil): Is it rather not the case in which disputes arise, all or practically all the Indian agents have magisterial jurisdiction, are given magisterial jurisdiction? Is it not a fact that most of the litigations that come before them are disputes between the Indians themselves rather than disputes between the agent and the Indian?

Mr. McQUARRIE: What I am speaking about now—and I prefaced my remarks by stating it—is that the matters that the Indian agent insists on trying are cases of breaches of the Indian Act.

Mr. STEWART (Argenteuil): By whom?

Mr. McQUARRIE: Laid by the Indian agent.

Mr. STEWART (Argenteuil): Against whom?

Mr. McQUARRIE: Against the Indians or against others who have sold liquor to Indians—that kind of cases—all in connection with the administration of the Indian department, the office of the Indian agent there. To make myself perfect-
11 p.m. ly clear, I do not believe in that kind of thing at all. As I have informed the minister by correspondence, I do not believe that kind of thing should be permitted. I think the minister should see to it that the Indian agent does not interfere in that way. It is provided by the provincial statute that where there is a police magistrate, no other justice of the peace or other officer of that kind can hear cases. That is so in regard to the province, and I think the Dominion should do the same thing.

Mr. BUREAU: Would that not require an amendment to the law?

Mr. McQUARRIE: Not at all. The magistrate is there. The prosecutions may and should be brought before the magistrate.

Mr. BUREAU: Does the law say so?

Mr. McQUARRIE: That is what he is there for and paid for.

Mr. BUREAU: The minister states that the Indian agent has the jurisdiction of a magistrate to try those cases. Has he or has he not? If he has, he can try them. If there is any reason why exception should be taken to his jurisdiction, it is up to the man who is brought before him to take that exception. If my hon. friend objects to the Indian agent having the powers of a magistrate, the question would be one of amending the law so as to take those powers away from him.

Mr McQUARRIE: That is not necessary at all.

The CHAIRMAN: I rule this debate out of order. It is on the Indian Act and has nothing whatever to do with this item.

Mr. CHURCH: What is the minister doing in connection with historic sites in the Niagara district? Many of the battlefields of the war of 1812, 1813 and 1814 are to-day in the state in which they were nearly a hundred years ago, and while it is true the minister and some of his officials have visited the sites and erected a few tablets, the battlefields are lying there untouched.

Mr. STEWART (Argenteuil): Not guilty.

Mr. CHURCH: When you enter the mouth of the Niagara, you see Fort Mississagua. You would think it was a fort in Belgium after the Germans had passed through. The roof has all fallen in. Compared with the large appropriation which the American people give for this particular object, this is a very small vote for the work the department has undertaken as regards Canada. I urge the minister to take more definite action in this matter. Chippewa was the bloodiest battle of the war of 1812-14. If you go through that village to-day you will find that the battlefield is not marked out. At Lundy's Lane the government erected a small monument. But all these historic spots in the Niagara district should be no longer neglected by the government. I would urge upon the minister that he might well seek the co-operation of the Niagara Victoria Park Commission, which I am sure would do the work for the government at cost prices of preserving and reconstructing these ruins. We might well follow the example of our neighbours, for in the Cumberland valley every legislature is taking steps to erect monuments to mark the battles of the Civil War. The Battlefields Commission down in Quebec has done excellent work and is a model for Canada and the Empire. Not only this government but the government ahead of it should have done something to mark these historic spots. I would strongly urge the minister not to be stingy in this respect but to go over the Niagara district and spend a few hundred dollars a year to mark the old battlefields and preserve the ruined forts.

Mr. SHAW: The minister said, and quite correctly, that these national parks have no form of local self-government, complete control being vested in the Parks branch at Ottawa. The vast area of our national parks lies contiguous to the Rocky mountains, out of a total of ten thousand square miles less than ten square miles being found in any other part of the Dominion. I think it is important that the largest possible measure of local self-government should be given to the communities settled within the park areas of Alberta, British Columbia and Saskatchewan. I wonder what the members of this House would think if they were forced to live in a district where the regulations, even those of the most minor character, were all framed in Ottawa? For instance, there is a regulation as to the length of string which you must have on a dog if you are taking it around the town of Banff! The residents and tourists find such regulations very irritating. I think it would be a matter of convenience and result in considerable economy if the government would delegate every possible municipal function to a responsible local administration. By "responsible" I mean an administration elected by the people of the locality. Let these people govern themselves to the furthest possible limit, reserving to the park administration the power of disallowance of any municipal regulations which are found not to be in conformity with the general park policy. Instead of having a few clerks in Ottawa engaged in drafting these regulations, many of them unfamiliar with local conditions, you would then find the residents, who are tremendously interested not only in their own welfare but in the park development, carrying into effect policies which in the long run would make for the best development of our national parks.

I speak of this matter with some knowledge, for I have had occasion to talk with a great many people, tourists included, who happened to come to Banff National park, and I have heard some of them express the opinion that certain minor regulations—all drafted in Ottawa—are of such an irritating

and irksome character that they do not intend to revisit the park, as when on a holiday they do not want to be bothered with policemen and petty regulations. It is true there is an advisory council at Banff, as mentioned by the minister, but this council is purely advisory. This policy was inaugurated by the preceding administration, and I think this administration might well develop it and give the people those rights of local self-government which they should enjoy as British subjects, and which I have no doubt, would be exercised to the best interests not only of themselves but of the parks in general. I simply make this suggestion because I am hopeful that the minister knowing the local conditions will do something along this line. I am sure it would be a profitable and wise course to take and result in true economy.

Mr. STEWART (Argenteuil): This is rather a vexed problem to solve, for you cannot very well give municipal jurisdiction within the boundaries of a park and still have a park. One of the complaints my hon. friend has lodged has been of long-standing—the regulation against dogs running at large. My hon. friend well knows, because he is at Banff very frequently, that one of the pleasantest sights in the vicinity of the town, sometimes in the streets, is young deer and mountain sheep wandering about, so tame that tourists can go amongst them. If the park is to be made attractive in this way we must have regulations to prevent dogs running at large. There are always two sides to a question, and I have some sympathy with the residents. On the other hand, I have had occasion to look into the matter carefully, and the statement that the regulations are drawn up by clerks in the head office here who know nothing about local conditions is scarcely fair. The regulations are the result of advice coming from the officials who are directly in charge at Banff. I am not going to deny that an official having unlimited authority may sometimes exceed it, hence some difficulties arise, but I would point out to my hon. friend that it is my desire, as I think it is the desire of the superintendent and the chief officials of the parks administration, that the citizens shall be given the fullest possible privileges, but there undoubtedly must be restrictions. When this matter first came to my attention it was because of two young deer which were wandering amongst the cottages at Banff being chased and killed by dogs. Clearly we cannot permit a recurrence of this trouble. I have had complaints from tourists about the poor dogs being tied up, but if they are to be allowed to run at large we certainly cannot have deer in the vicinity of Banff. I wish to impress upon the committee our desire to meet every reasonable and legitimate request of the citizens of the community. I think in the main we have been doing that. Of course there may be regulations that some people do not like, but we will try to meet the objections as far as we can.

Mr. CHURCH: Will the minister let me know what he is going to do about the Niagara district?

Mr. STEWART (Argenteuil): I am informed that the Historic Sites Board are working in conjunction with the Park Commission in the Niagara peninsula. It would take a considerable amount of money to repair such sites as my hon. friend mentions. We are expending annually a fair amount on this work and are gradually accomplishing something in the marking of the more important sites. I am informed that the complaint my hon. friend makes is being attended to as rapidly as finances will permit.

Mr. SHAW: In answer to the suggestion made by the minister I gave an illustration to indicate the difficulties that arise. The minister suggests that allowing these dogs to run loose results in the deer being chased off the streets. I would remind him that years ago when there were dogs running loose there were also deer going through the streets. The minister has presented one side of the picture, but there are some people in Banff who suggest—I do not know what truth there may be in the statement—that these deer were not killed by dogs at all. It is also suggested that on account of the deer being allowed to run loose to such a great extent the lives of children are often imperilled, and cases are actually cited to illustrate these facts. However, that is not the primary point. The point I want to get at is the question of the distribution of the power so far as municipal affairs are concerned. I think the department would be well advised to give the people in those communities the fullest powers of local self-government that can be given. These people are primarily interested in making their towns attractive to tourists. and if it is desirable to have animals go into the city, why, they are going to do everything possible to have them there. I think that could be very safely done by the government retaining the power of veto, or disallowance, if you want to call it that. This would encourage the local residents to take a greater interest in the affairs of their community and besides it would

relieve the department of this long distance method of government. Instead of people having to come to governments—to come say from Banff to Ottawa—governments nowadays should come to the people just a little bit more. Will the minister give me the figures I asked him for with regard to the construction of the lighting plant?

Mr. STEWART (Argenteuil): $213,791.

Mr. SHAW: Is that above the original estimate?

Mr. STEWART (Argenteuil): It is about the amount of the estimated cost.

Mr. GOULD: Last year when a similar item was before the committee I asked the minister questions in connection with the Moose Mountain Forest Reserve and the pleasure resort at that place. The minister very graciously replied that the people of southern Saskatchewan deserved a playground and that he was going to do something for them. Well, the whole summer passed, and I am sorry to be obliged to announce that nothing whatever was done at that resort in the Moose mountain country. I see that there is a reduction of $270,000 odd this year and I have wondered if the minister has forgotten altogether about that.

Mr. STEWART (Argenteuil): It does not come under this item. It has to do with forestry.

Mr. GOULD: The area is divided into three parts. We have the Indian reservation; back in 1911 we had an area set aside for the purposes of a buffalo park; we have the lakes resort and the timber preserve. The whole are combined on the Moose Mountain Forest Reserve. I am speaking more particularly from the point of view of the pleasure resort. I would like to know in any case what the prospects are this year.

Mr. STEWART (Argenteuil): We cannot spend on forest reserves moneys appropriated for parks; they are two different branches of the Department of the Interior. The improvement my hon. friend speaks of would have to come out of the vote for forestry purposes. The lake he mentions is in a forest reserve rather than in a park.

Mr. GOULD: Two years ago I asked questions concerning that, and I think it was stated that approximately $2,000 per year came to the Dominion government from fishing permits, timber permits and various other activities on that reservation. I wish to remind the minister also that we are paying an annual federal tax of approximately $1,450,000, so I think I am only asking for my right in asking for what we have persistently tried to get since 1909-10. I bring the question up each year, and I may say that my people are not satisfied with the treatment they are receiving at the hands of the Dominion government in this connection. That same forest preserve is filled with game: We have many moose, elk, jumping deer and various other animals, and when a farmer is unfortunate enough to have his grain left in the stook it is entirely eaten by these animals. I know he would have recourse under the municipal law if it were something his neighbour were responsible for, and I think I am quite right in at least mildly pressing upon the minister the justice of my request.

Mr. STEWART (Argenteuil): I was not objecting to the request; I hope my hon. friend did not take that from my attitude. I was simply pointing out to him that an expenditure of this kind would have to be taken out of the forest moneys. I now have full information before me in respect to the requirements of that locality, and while I cannot perhaps, fully meet his request we propose doing something to assist ourselves, and that will materially assist the people who go in to that particular lake.

Mr. McQUARRIE: How much of this item is for historic sites?

Mr. STEWART (Argenteuil): $25,000.

Sir HENRY DRAYTON: How much longer does the minister want the committee to discuss this item? I do not like to see him break the rule of his leader, who told us the House would always be closed at eleven o'clock. We sat last night until one. Perhaps the hon. gentleman would like to put this item through and then adjourn.

Item agreed to.

Progress reported.

On motion of Mr. Graham, the House adjourned at 11.27 p.m.

Wednesday, June 4, 1924

The House met at three o'clock.

PRIVILEGES AND ELECTIONS COMMITTEE

Mr. JOSEPH ARCHAMBAULT (Chambly and Verchères) presented the first report of the select standing committee on Privileges and Elections, as follows:

The select standing committee on Privileges and Elections beg leave to present the following as their first report:

Your committee recommend that they be given leave to have their proceedings and evidence printed from day to day for the use of the members of the committee and that rule 74 be suspended in reference thereto.

Your committee also recommend that their quorum be reduced to seven members.

He said: Mr. Speaker, with the consent of the House I would like to move:

That the first report of the select standing Committee on Privileges and Elections be concurred in.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): This is the report just read? I understand it involves the committee sitting while the House is in session and the printing of the report. May I ask whether the committee is unanimous in the belief that it will be neccessary for the committee to sit while the House is in session?

Mr. ARCHAMBAULT: We are not asking for that. We are asking only for the printing and for the reduction of quorum.

Mr. SPEAKER: This motion requires unanimous consent.

Motion agreed to.

PENSIONS COMMITTEE

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

That the name of Mr. Shaw be added to the special committee on Pensions, Insurance and Re-establishment.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF SELECT STANDING COMMITTEE TO CONSIDER ESTIMATES

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): With the consent of the House, Mr. Speaker, I beg to move, seconded by Mr. Macdonald:

That rule 10 of the House of Commons relating to the appointment of the select standing committees of the House be amended by adding to the select standing committees of the House for the present session a select standing committee on Railways and Shipping owned, operated and controlled by the government, to which will be referred the estimates of the Canadian National Railway and the Canadian Merchant Marine for the present session for consideration and for report to the House; provided, however, that nothing in this resolution shall be construed to curtail in any way the full right of discussion in committee of Supply.

Motion agreed to.

[Mr. Archambault.]

Mr. MEIGHEN: Will the minister tell us when he intends to supplement this resolution by a further motion in accordance with the information given in his address the other day, enlarging the powers of the Public Accounts committee, so as to embrace examination of the railway expenditures at fitting times?

Mr. GRAHAM: I am not sure that I gave the intimation to which my hon. friend refers. It was mentioned. I hope to be able to name the committee referred to in the motion today, with the consent of the different wings in the House, some time this week.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

SPEAKER'S SECRETARY

Mr. SEGUIN:

1. What amounts were paid the Speaker's secretary, the last year he occupied that position: (a) as a regular salary; (b) as a sessional clerk; (c) as a bonus; (d) in any other capacity?

2. What amounts did Miss Mansbridge, when in the same office, receive for that year: (a) as a regular salary at $4 per day; (b) as a bonus; (c) in any other capacity?

3. What yearly amounts do the two stenographers and typewriters, belonging to the members' staff and assigned to the Speaker, in lieu of secretary, receive: (a) as a regular salary; (b) as a bonus; (c) in any other capacity?

Right Hon. Mr. MACKENZIE KING:

1. Mr. Gaston Delisle acted in that capacity for 22½ days in March and the whole month of April 1922. He was paid at the rate of $50 per month as secretary, plus $5 per day as sessional clerk, a total of $350.31.

2. Miss Mansbridge was not employed in the Speaker's office whilst Mr. Delisle acted as private secretary.

3. $6.50 and $6 per day as regular salaries. They receive no bonus and are not employed in any other capacity.

D.S.C.R. MEDICAL OFFICERS, ST. JOHN

Mr. HANSON:

1. How many medical men are attached to or drawing salaries for services rendered to the Department of Soldiers' Civil Re-establishment at St. John, New Brunswick?

2. What are the names of each and what are the respective dates of their appointments?

3. What salary or remuneration is paid to each such medical man so acting?

4. What is the gross amount of salary and allowances, if any, paid to each such medical man since appointment?

5. How many patients are under treatment in this unit at the present time?

Hon. Mr. BELAND:

1. 7.

2, 3 and 4. Their names, positions, respective dates of appointment, present rates of salary and the gross amount of salary paid in each case is shown in the schedule annexed hereto.

SCHEDULE showing the names, positions, respective dates of appointment, present rates of salary and the gross amount of salary paid to medical officers employed by the Department of Soldiers' Civil Re-establishment in New Brunswick.

Name	Position	Date of appointment	Present annual rate of salary	Gross payments since appointment
			$	$ cts.
Skinner, Dr. S. S.	Chief Medical Representative	1- 8-21	4,000	7,066 66
Pratt, Dr. C. M.	Pension Examiner	1- 1-21	4,000	12,500 00
Bridges, Dr. E. S.	Full Time Medical Officer	16-12-21	3,000	6,175 00
Malcolm, Dr. D. C.	Part Time M.O. and Asst. Surgeon	1- 7-19	2,400	11,825 00
Nase, Dr. P.	P.T. Eye, Ear, Nose and Throat Specialist	1- 6-21	2,400	7,200 00
White, Dr. W. W.	P.T. Specialist in Surgery	1- 7-18	2,400	14,200 00
Kirkland, Dr. A. S.	P.T. Radiographer	1- 6-22	600	1,200 00

5. During week of May 17, 107 patients were undergoing treatment in hospital; 116 clinical treatments were given to other patients, and 17 pensioners were examined.

McDONALD'S LANDING

Mr. McQUARRIE:

1. What progress has been made in the construction of the floating wing dams at McDonald's Landing on the Fraser river for protection of the banks of that river?

2. Is it true that the work has been stopped, and if so, what is the reason therefor, and when did the stoppage take place?

3. Has the appropriation for this work been exhausted?

4. Is it a fact that the 2nd floating wing dam was washed away before being finally completed, and is now hung up on the snag on the river bank?

5. Is it a fact that representations were made by farmers living in the neighbourhood that more men should be put on this work?

Hon. Mr. KING (Kootenay):

1. Of two wing dams under construction, one had about two-thirds of the material in position and the balance on the bank. The material for the other wing dam had been delivered but not placed in position.

2. Yes. Work stopped March 31, 1924, as appropriation for same lapsed on that date.

3. No.

4. Before wing dam in position had been loaded by the river with sand and gravel, the freshet, carrying driftwood, almost destroyed it.

5. No representations were made by farmers living in the vicinity that more men should be put on this work, but all were employed who could be handled efficiently.

CANADIAN PACIFIC RAILWAY LEASES

Mr. KELLNER:

When do the Canadian Pacific Railway leases terminate covering the following lines: (a) Alberta Central Railway; (b) Calgary and Edmonton Railway; (c) Alberta Railway and Irrigation Company; (d) Edmonton, Dunvegan and British Columbia Railway; (e) Central Canada Railway?

Hon. Mr. GRAHAM: Mr. Speaker, I think my hon. friend on reflection will see that the department has not the information asked for in this question. I think if he would write himself, he could get the information as quickly as the department could. However, if he does not feel like doing that, I will enclose his inquiry to the parties interested and see if we will get a reply.

CANADIAN NATIONAL RAILWAY LINES

Hon. Mr. GRAHAM: On Wednesday last the hon. member for St. John and Albert (Mr. Baxter) asked certain questions regarding the operation and the mileage of the Canadian National Railways in the United States, and also put a query as to the taxes paid by the Canadian National in the United States. The reply that I gave him was that the information concerning all his questions except No. 5 would be found in the annual statement placed on the Table. I have the information now in reference to question No. 5, and I presume it will be satisfactory if I mail it to the hon. gentleman, as the question is off the order paper.

UNOPPOSED MOTIONS FOR PAPERS

CANADIAN NATIONAL RAILWAYS—COAL

On the motion of Mr. CARROLL:

For a copy of all letters, telegrams, receipts, vouchers, tenders, awards and other documents having

reference to or bearing on an item of $7,366,091.85, Canadian National Railways, Toronto, coal, as appears in Auditor General's report, Volume III, year ending March 31, 1923, at page W-184, including the names of the persons, firms and corporations from whom the Canadian National Railways purchased said coal and the prices paid therefor and any contracts in writing relating to said coal.

Mr. CARROLL: Dropped.

On the motion of Mr. CARROLL:

For a copy of all letters, telegrams, receipts, vouchers, tenders, awards and other documents having reference to or bearing on an item of $8,907,846.06, Canadian National Railways, Toronto, coal, as appears in Auditor General's report, year ending March 31, 1922, Volume III, at page W-165, including the names of the persons, firms and corporations from whom the Canadian National Railways purchased said coal and the prices paid therefor and any contracts in writing relating to said coal.

Mr. CARROLL: Dropped.

Mr. MEIGHEN: Referring to these two motions for production of papers, I observed that the mover called "dropped," but as I apprehend the rules, they cannot be dropped without the consent of the House. May I ask why they are dropped; if there is any special reason why they should not pass?

Mr. GRAHAM: I do not understand the rule that way, Mr. Speaker. The motions are not in the possession of the House until they are moved. As a matter of fact, every day we see notices of motions and resolutions of hon. members that have been standing on the order paper for weeks and months dropped at the request of the hon. member.

Mr. MEIGHEN: By consent.

Mr. GRAHAM: No, without being brought to the House at all. Ask your desk mate.

Mr. SPEAKER: In the present instance the motions were only called; they were not put. There is a little distinction. I do not want to be too casuistic, but I believe it is the right of the hon. gentleman to drop his motions as they have not been put.

Mr. MEIGHEN: The reason I have understood the rule differently is this: If this is the correct interpretation, Mr. Speaker, it is in the power of any hon. member to forestall another hon. member who is in earnest about a resolution by simply placing a resolution on the order paper and holding it till the session is well advanced, when there would be no opportunity to get any further—this applies more to the ordinary motions than to these—and then quietly, of his own will, and without the consent of the House, dropping his resolution. I have understood the rule to be that the member is in the hands of the House once his motion goes on the order paper.

Mr. GRAHAM: I held that idea myself until a few days ago, when it was dispelled. I have no objection myself, Mr. Speaker, to allowing these motions to stand until you give a ruling, but I think my hon. friend will find that the practice has been that these motions are the property of the member until they come before the House by way of moving them.

Mr. SPEAKER: Here is the authority, Bourinot, page 299:

If a member neglects or declines to proceed with a motion, the House cannot force him to do so, but he has a right to drop it or it may be dropped under rule 32. A member who has given notice of a series of resolutions may withdraw some of them and go on with the others.

It has always been the practice in my recollection that a member may insert a motion on the order paper, and then drop it. Still, I am bound to say that the situation exactly as has been described by the right hon. leader of the opposition has created some inconvenience, and this year one of the hon. members from British Columbia called on me and said that he had been forestalled that way, because members did not proceed with their motions, and he had a similar one himself on the order paper. He suggested that possibly the rules of the House might be amended in order to prevent any such recurrence in the future. However, it is a question for the House to decide.

Mr. CARROLL: I would ask, if I may, that the two resolutions stand.

Mr. SPEAKER: The view held by May is the same as that held by Bourinot. On page 214 of May, twelfth edition, I find:

A notice cannot be withdrawn from the notice paper of the day or the current issue of the order book in the course of a sitting, but by an intimation to the clerks of the table it can be withdrawn from a future issue.

Mr. MEIGHEN: Do I understand that the motions stand or are dropped?

Mr. SPEAKER: Dropped.

Mr. LOGAN: I understood the hon. member to ask that they should stand.

Mr. CARROLL: I made that request, Mr. Speaker.

Mr. SPEAKER: The first one?

Mr. CARROLL: Both.

Mr. SPEAKER: I understood that the hon. member wanted them dropped. If I was wrong I must apologize. I will take the word of the hon. member, of course. These two motions stand.

PRODUCTION OF CARBON-BLACK

Mr. KENNEDY (Edmonton):

For a copy of the agreement entered into between Canadian Petroleums, Limited, and the government, regarding the production of carbon-black and the leasing of oil-lands, and a copy of all correspondence and telegrams in connection therewith.

HOPPE COAL LEASES

Mr. KENNEDY (Edmonton):

For a copy of all letters, telegrams and other documents passing between J. A. Schryburt, or Schreibert, and the Prime Minister or other members of the government, relative to the Hoppe coal leases.

TRUST COMPANIES ACT, 1914

Hon. J. A. ROBB (Acting Minister of Finance) moved that the House go into committee at the next sitting to consider the following proposed resolution:

Resolved, That it is expedient to amend the Trust Companies Act, 1914, and to provide:

1. That the Superintendent of Insurance shall annually ascertain and certify the total amount of the expenditure incurred by the government for or in connection with the administration of the act during the last preceding fiscal year, and the total amount of income received during the last preceding calendar year by each company, and the findings of the superintendent shall be final and conclusive.

2. That thereupon the superintendent shall ascertain the ratio or percentage which the total expenditure so found and certified bears to the aggregate of the income aforesaid, and shall assess each of the companies an amount equivalent to that percentage of the total amount of the income received, and such assessment when certified by the superintendent shall be binding upon the said companies, and be final and conclusive.

3. That the amount so assessed against each company shall constitute a debt payable to His Majesty, and shall be payable upon demand of the superintendent, and may be recovered as a debt in any court of competent jurisdiction.

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.

LOAN COMPANIES ACT, 1914, AMENDMENT

Hon. J. A. ROBB (Acting Minister of Finance) moved that the House go into committee at the next sitting to consider the following proposed resolution.

Resolved, That it is expedient to amend the Loan Companies Act, 1914, and to provide,—

1. That the Superintendent of Insurance shall annually ascertain and certify the total amount of the expenditure incurred by the government for or in connection with the administration of the act during the last preceding fiscal year, and the total amount of income received during the last preceding calendar year by each company, and the findings of the superintendent shall be final and conclusive.

2. That thereupon the superintendent shall ascertain the ratio or percentage which the total expenditure so found and certified bears to the aggregate of the income aforesaid, and shall assess each of the companies an amount equivalent to that percentage of the total amount of the income received, and such assessment when certified by the superintendent shall be binding upon the said companies, and be final and conclusive.

3. That the amount so assessed against each company shall constitute a debt payable to His Majesty, and shall be payable upon demand of the superintendent, and may be recovered as a debt in any court of competent jurisdiction.

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.

INSURANCE ACT, 1917, AMENDMENT

Hon. J. A. ROBB (Acting Minister of Finance) moved that the House go into committee at the next sitting to consider the following proposed resolution.

Resolved, That it is expedient to amend the Insurance Act, 1917, and to provide,—

1. That there shall be a department of the government of Canada to be called the Department of Insurance over which the Minister of Finance shall preside, and the Governor in Council may appoint an officer to be called the Superintendent of Insurance, who shall be the deputy head of the department and hold office during pleasure. Such officer shall be paid such salary as may be authorized by law, and perform such duties as are prescribed.

2. That the Superintendent of Insurance shall annually ascertain and certify the total amount of the expenditure incurred by the government for or in connection with the administration of the act during the last preceding fiscal year and the total amount of gross premiums received in Canada during the last preceding calendar year by each company licensed under the act and by each company not licensed under the act but transacting life insurance business thereunder, deducting the amount of the dividends paid or allowed by each such company to its policy holders in Canada during the said year, and the findings of the superintendent so certified shall be final and conclusive.

3. That thereupon the superintendent shall ascertain the ratio or percentage which the total expenditure so found and certified bears to the aggregate of the net receipts, aforesaid, and shall assess each of the companies an amount equivalent to that percentage of the gross premiums received in Canada, less dividends, and such assessment when certified by the Superintendent, shall be binding upon the said companies, and be final and conclusive.

4. That the amount so assessed against each company shall constitute a debt payable to His Majesty, and shall be payable upon demand of the superintendent, and may be recovered as a debt in any court of competent jurisdiction.

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.

DEATH OF MR. JOHN A. MacKELVIE, M.P.

On the Orders of the Day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I rise to express something of the sorrow which all hon. members of this House must have experienced this morning on learning of the very sudden death of one of our number, Mr. John Armstrong MacKelvie, the member for Yale. With characteristic fidelity the hon. member was in his seat in this chamber last evening. He left the House shortly before ten o'clock, and we are informed that at one o'clock this morning he was seized with heart failure and died with tragic suddenness. Hon. members on this side will join with my right hon. friend (Mr. Meighen), and those who sit opposite, in deploring the loss to this parliament of one who was a much honoured and highly esteemed member of this parliament.

Though Mr. MacKelvie was born in the Maritime provinces he was associated, during most of his life, with western Canada. He went to Calgary at the age of eighteen years, and a year or two later served with the Alberta Mounted Rifles in the Riel Rebellion. Shortly afterwards he went to reside in British Columbia, first in Vancouver and subsequently in Vernon. For the last thirty years of his life his activities, both as a journalist and as a member of parliament, were identified more particularly with the interests and politics of the Pacific province. Mr. MacKelvie entered parliament at a by-election in 1920, and was re-elected at the general election in 1921.

In his endeavour to mould thought and opinion by the written and the spoken word, Mr. MacKelvie brought to his task the attributes of a generous and kindly disposition. He was a man of high intellectual attainments, and of broad human sympathies. Though we on this side of the House differed from him in political opinion, we recognized that both in his writings and in his verbal utterances his views were expressed with conviction and with moderation and he commanded our esteem and high regard.

I express to my right hon. friend the leader of the opposition my sympathy in the loss of one who has been a loyal, devoted and helpful colleague as well as supporter. I should like to express also to the constituency of Yale my sense of the loss it has sustained in the death of one who during the period of his parliamentary career represented its interests with ability and fidelity. I know the House will desire that on its behalf I should express to Mrs. MacKelvie our profound sympathy in the sudden and overwhelming bereavement she has sustained.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, our meeting this afternoon is clouded with the shadow of a very great loss indeed. All of us will find it difficult to banish from our minds the sense of depression and of sorrow that followed the sad announcement of this morning, particularly those who sit in this section of the chamber. We feel that at this moment we suffer a calamity the memory of which will not easily be removed.

My association with Mr. MacKelvie personally dated only from 1920. In that year —due to the resignation of the previous member, Hon. Martin Burrell, the present Parliamentary Librarian—a by-election occurred in the constituency of Yale, British Columbia. From the beginning there appeared no question as to who should succeed the previous representative so far as the candidate for the Liberal-Conservative party was concerned. I visited the district at the time and was impressed with the general sense of confidence felt in Mr. MacKelvie as a citizen, and with the high tribute paid him for his constant, faithful public service and, generally, the wonderfully unique standing which he held in the community in which for so long he had lived. Coming to that constituency from the far East of Canada he enjoyed a knowledge of our whole Dominion, a sweep of vision that stood him in good stead in his efforts in the federal field; nor did he ever lose his very deep and prevailing affection for his own constituency. In the House of Commons, from the very hour in which he rose first to second the Address in reply to the Speech from the Throne his standing in the House was fixed. He understood every subject he attempted to discuss. His chief outstanding characteristic as a public man was fair-mindedness; his chief moral characteristic was fidelity. These pervaded his every utterance from the first to the last. Nor throughout the whole course of his life here did he ever allow anything to interfere with that sedulous attention to duty which has characterized his whole life. We knew him as a companion as well as a political colleague; we knew him

as an associate in times of success and in periods of reverse, and we can never forget the loyal friend we have lost. I am very grateful indeed to the Prime Minister for the generous tribute he has rendered, and I join with him in a note of sorrow and of sympathy for her who, most of any one in all the world, feels the terrible disaster of this hour. I am sure the entire House will join in expressing to her our deepest sympathy and regret.

Mr. ROBERT FORKE (Brandon): Mr. Speaker, on behalf of the members who sit in this section of the House, I wish to associate myself with the sentiments expressed by the Prime Minister and the right hon. leader of the opposition (Mr. Meighen). The news which came to members of the House this morning of the sudden passing of Mr. MacKelvie was a great shock to us. As has already been mentioned, he was in the House with us last night, and the first intimation we got when we came to the buildings this morning was that he had passed away. I am glad to be able to say that Mr. MacKelvie was one of the first friends I met when I came to Ottawa for the first session of this parliament. I do not know exactly what was the attraction, but almost immediately on coming to Ottawa I found myself in very close relationship with Mr. MacKelvie, and I am very glad to be able to say that, during the three sessions which I have attended, that friendship has been maintained. When I came down from Winnipeg for the opening of this session, Mr. MacKelvie happened to be on the same train; and in the two days when we were fellow-travellers we had many opportunities of conversation and of strengthening our friendship; and, while differing on some public questions, we found many interests that we held in common. I found that he was a man of great sympathy, of high attainments and a wide knowledge of public affairs. I am sure that to-day our sympathy goes out to the bereaved wife who is in rather delicate health; and the attention and the care which Mr. MacKelvie bestowed upon her, during that railway journey, was beautiful to witness. I am sure that through all the years to come one of the greatest consolations of her life will be the sweet memory of that beloved husband who has passed away. Mr. MacKelvie did not speak often in this House, but when he did speak he always conveyed to his hearers in this House an impression of sincerity and ability to grasp the different sides of any question under discussion.

I join with the hon. members who have spoken in expressing my sympathy to the members of the Conservative party in the great loss they have sustained. Mr. MacKelvie served his province well, and was always, I think, working in the interests of this great Dominion.

BUSINESS OF THE HOUSE

On the Orders of the Day:

Mr. ROBERT FORKE (Brandon): Does the government intend to take any steps to expedite the business of the House, so that we can make better progress than we have been making in the past few weeks. We are in the month of June now; we have a lot of business to do, and I hope we shall proceed a little more quickly.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think the matter of expediting the business of the House rests more with the members than with the government.

Mr. FORKE: What about the holidays?

Mr. MACKENZIE KING: It is the intention of the government to take Wednesday nights after this week, but not to-night.

INDIAN RESERVE LANDS

On the Order being called.

Second reading of Bill No. 59, for the settlement of certain questions between the governments of Canada and Ontario respecting Indian Reserve Lands.—The Minister of the Interior.

Hon. CHARLES STEWART (Argenteuil) (Minister of the Interior): I find that in connection with this bill there have been certain errors in the schedule. I therefore move that the order be discharged. I propose to reintroduce it in proper form.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I do not understand discharging the order from the paper merely because of an error in the schedule. Why not correct the error in committee?

Mr. STEWART (Argenteuil): It is rather important that this agreement between the government of Ontario and the Dominion government should be in proper form. There is another matter in connection with this bill; I doubt if it could be called an omission, because this is not really a money bill; the law clerk calls attention to the fact that it is not introduced by a resolution, and he thinks it should be, inasmuch as it deals with the passing of money between two governments. I propose to re-introduce the amended bill with the amended schedule, and in proper form, so that there will be no mistake about it.

Mr. MEIGHEN: The second reason is certainly a good one for having the motion declared out of order, which is virtually the same as a discharge. Is the schedule the agreement itself?

Mr. STEWART (Argenteuil): Yes, it is the agreement between the two governments.

Mr. MEIGHEN: How could there be an error in that if the two governments have executed it?

Mr. STEWART (Argenteuil): The error is in the preparation of the bill. There is no error in the agreement itself. It is not properly set out in the bill as presented to the House.

Mr. MEIGHEN: That, of course, could be corrected in committee.

Resolution agreed to by unanimous consent and bill withdrawn.

CUSTOMS TARIFF, 1907, AMENDMENT

Hon. J. A. ROBB (Acting Minister of Finance) moved the second reading of Bill No. 127, to amend the Customs Tariff, 1907.

Mr. ALEXANDRE DOUCET (Kent, N.B.): Mr. Speaker, while this subject was under discussion some few weeks ago, I had occasion to express what I thought was the opinion of my constituents in regard to the budget proposals. Shortly afterwards, I was taken to task by the hon. member for Gloucester (Mr. Robichaud), the hon. member for Westmorland (Mr. Copp) and members for other parts of the Maritime provinces as not expressing the views of my constituents or the electors generally of the Maritime provinces. At that time I moved an amendment which, unfortunately, was ruled out of order, and I propose again to-day to move the amendment on the second reading of this bill, knowing as I do that the budget reductions are very detrimental to various industries in this Dominion, and that it would be to the welfare of the whole country that a consistently maintained protective policy be pursued. Without elaborating much more upon this question which has been discussed fairly well during the last few weeks, I beg to move:

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

This House is of opinion that the welfare of Canada requires a consistently maintained protective policy.

The House divided on the amendment (Mr. Doucet) which was negatived on the following division.

[Mr. C. A. Stewart.]

YEAS

Messrs.

Arthurs,
Black (Halifax),
Bowen,
Boys,
Chaplin,
Church,
Doucet,
Drayton (Sir Henry),
Duncan,
Hanson,
Harris,
Jones,
Ladner,
MacLaren,
Maclean (York),
McCrea,
McQuarrie,
Manion,
Marler,
Maybee,
Meighen,
Porter,
Ross (Kingston),
Ryckman,
Senn,
Sheard,
Simpson,
Spence,
Stansell,
Stevens,
Stewart (Hamilton),
Stewart (Leeds),
Sutherland,
Thompson,
White,
Wilson.—36.

NAYS

Messrs.

Archambault,
Baldwin,
Bancroft,
Beaubien,
Béland,
Benoit,
Binette,
Bird,
Black (Huron),
Bouchard,
Brethen,
Brown,
Bureau,
Cahill,
Caldwell,
Campbell,
Cannon,
Carmichael,
Carroll,
Carruthers,
Casgrain,
Chisholm,
Coote,
Copp,
d'Anjou,
Davies,
Déchêne,
Delisle,
Denis (St. Denis),
Desaulniers,
Descoteaux,
Deslauriers,
Desrochers,
Drummond,
Elliott (Waterloo),
Ethier,
Evans,
Fafard,
Fansher,
Forke,
Forrester,
Fournier,
Gardiner,
Garland (Bow River),
Gauvreau,
German,
Gervais,
Gordon,
Gould,
Graham,
Halbert,
Hammell,
Hatfield,
Healy,
Hoey,
Hopkins,
Hudson,
Hughes,
Humphrey,
Hunt,
Irvine,
Jelliff,
Johnston,
Kay,
Kelly,
Kennedy (Edmonton),
Kennedy (Glengarry & Stormont),
Kennedy (Port Arthur & Kenora),
King (Huron),
King (Kootenay),
King, Mackenzie (York),
Knox,
Kyte,
Lanctôt,
Lapierre,
Lavigueur,
Leader,
Logan,
Lovett,
Lovie,
Lucas,
Macdonald (Pictou),
Mackinnon,
MacLean (Prince, P.E.I.),
McBride,
McConica,
McDonald (Timiskaming),
McGiverin,
McIsaac,
McKay,
McMaster,
McMurray,
McTaggart,
Marcil (Bonaventure),
Marcile (Bagot),
Martell,
Michaud,
Millar,
Milne,
Morrison,
Morrissy,
Motherwell,
Munro,
Neill,
Papineau,
Pelletier,

Prevost,	Speakman,
Putnam,	Spencer,
Rankin,	Steedsman,
Rinfret,	Stewart (Argenteuil),
Robb,	Stewart (Humboldt),
Roberge,	Stork,
Robichaud,	Thurston,
Robinson	Tobin,
Ross (Simcoe),	Vien,
St. Père,	Wallace,
Sales,	Ward,
Savard,	Warner,
Séguin,	Woods,
Shaw,	Woodsworth.—135.
Sinclair (Queens, P.E.I.),	

PAIRS

(The list of pairs is furnished by the Chief Whips.)

Ministerial.	Opposition.
Murphy,	Simpson,
Power,	Mewburn,
Cardin,	Baxter,
Low,	Preston,
Duff,	Dickie,
Gendron,	Garland,
Fielding,	Bristol,
Bourassa,	Clark,
Sinclair (Oxford),	McKillop.
Parent,	Guthrie,
Chevrier,	Charters,
Hodgins,	Tolmie,
Morin,	Hocken,
Denis (Joliette),	Anderson,
Ouimet,	Black,
Mercier,	LeSueur,
Fontaine,	Grimmer.

Mr. R. F. PRESTON (Lanark): I was paired with the hon. member for South Renfrew (Mr. Low), otherwise I would have voted for the amendment.

Mr. C. H. DICKIE (Nanaimo): I was paired with the hon. member for Lunenburg (Mr. Duff), otherwise I would have voted for the amendment.

Mr. E. R. E. CHEVRIER (Ottawa): I was paired with the hon. member for Peel (Mr. Charters), othewise I would have voted against the amendment.

Mr. D. J. SINCLAIR (North Oxford): I was paired with the hon. member for West Elgin (Mr. McKillop), otherwise I would have voted against the amendment.

Mr. GAUVREAU: I think there must be an error in the vote, Mr. Speaker. The clerk gave the yeas as 36 and the nays as 114. Surely there must be more than 150 persons present.

Mr. MEIGHEN: There are no doubt a great many errors on the part of hon. gentlemen voting, but I do not think there has been any mistake in the count.

Mr. SPEAKER: I cannot doubt the accuracy of the count as made by the Clerk of the House. However, if hon. members insist, it shall be revised.

Mr. GAUVREAU: I think there must be an error.

Mr. SPEAKER: I am just informed that the count is correct.

Motion agreed to, bill read the second time, and the House went into committee thereon. Mr. Gordon in the chair.

On section 2—Ad valorem rate of duty.

Sir HENRY DRAYTON: When the resolution was in committee of the Whole certain questions were asked with reference to the duty on tea. The minister had not the information at the time but subsequently we got something like an estimate. How many appeals were there before the Customs Board at that time and what were the names of the appellants?

4 p.m.

Mr. ROBB: I understand there were some appeals. I could not tell my hon. friend how many.

Sir HENRY DRAYTON: Perhaps the minister will write me a letter showing exactly what the amounts are and everything else.

Mr. ROBB: The amount was estimated at about $47,000.

Sir HENRY DRAYTON: What was the amount in question on appeal, and who were the appellants?

Mr. ROBB: I will find out and let my hon. friend know.

Section agreed to.

On section 4—Schedule A amended.

Mr. GARLAND (Bow River): Who constitute the present Customs Appeal Board?

Mr. ROBB: The chairman is the Commissioner of Customs, Mr. Farrow. The other members of the board are Mr. Breadner, Mr. Blair, Mr. Taylor and Mr. Wilson, all except Mr. Breadner, officials of the department.

Section agreed to.

On the schedule to clause 4.

Sir HENRY DRAYTON: I assume these schedules strictly follow the resolutions already taken up?

Mr. ROBB: Yes, just as they were put through.

Sir HENRY DRAYTON: In connection with the discussion on these resolutions the statement was made—I think by the leader of the Progressive party (Mr. Forke), but I am not sure—that with reference to the paper

question there was one price charged in the local market and another in the export market, the export prices being much lower than the local prices. A certain company was named in that connection, the Howard Smith Paper Mills. They were written to with a view to ascertaining the facts, and in order that the facts may be made plain I will now read the letter:

In reference to shipments of paper to the United States, I wish to advise you that we have only made shipments from the Crabtree division consisting of unfinished hanging paper, news coating paper and standard half-tone news, and that our average selling prices on actual shipments to the United States during the past twelve months run as follows:

Unfinished hanging paper, 4¾ cents per pound.

News coating paper, 5 cents per pound.

Standard half-tone news, 4½ cents to 4.80 cents per pound.

Net—f.o.b. Crabtree Mills, Quebec.

NOTE: From the above we have allowed a selling commission of 3 per cent.

The prices at which these same papers are being sold by us in Canada are as follows:

Unfinished hanging paper, 4.35 cents per pound.

News coating paper, 5 cents to 5¼ cents per pound, depending on size of order.

Standard half-tone news, 4.35 cents to 4½ cents, depending on size of order.

All f.o.b. Crabtree Mills, Quebec.

The terms in each case are precisely the same—f.o.b Crabtree Mills, Quebec. It will be seen that in most cases the prices are lower in the home market rather than higher, as we were led to believe. This statement shows exactly the position, and it is sworn to. There have been so many misstatements of the kind made in this connection that it was thought worth while to try to establish the truth for once. These are the facts.

Mr. ROBB: I do not recall the statement that was made. I have no doubt that my hon. friend is correct in his reference to prices mentioned in the House in the course of a previous discussion.

Sir HENRY DRAYTON: I did not charge my hon. friend with anything.

Mr. ROBB: I know the hon. gentleman does not charge me with anything, but I just want to clear up one feature of it in view of certain statements now being made in the press. The only reference I made to the question was that I said I wanted to be fair to the manufacturers; that the manufacturers of Canada were not always opposed to reductions in the tariff; that a gentleman who I thought had authority to speak for the manufacturers, because he was at that time president of the Canadian Manufacturers' Association, had through his representatives made a request to the government to reduce the duty on linters of short fibres of cotton, raw material going into the manufacture of blotting paper. It had been represented to me that there were three firms interested, the Howard Smith Paper Mills, Rolland Brothers, and the Provincial Paper Mills. I am glad to have this opportunity of correcting that statement, because it so happened that the following Sunday—I sometimes read more than my Bible on Sunday—I was looking over a very nice little booklet issued monthly by the Howard Smith Paper Mills, advertising their paper, and they do manufacture good paper, and in that booklet they make the statement that they are the only manufacturers of blotting paper in Canada. So this concession we are making here now is made for the benefit of the Howard Smith Paper Mills, of which Mr. Howard Smith is the president.

Sir HENRY DRAYTON: My hon. friend is referring to a different matter entirely from what I was referring to; what he has said has nothing to do with it at all. Perhaps my hon. friend's information could have gone a little further, and he could have given the same amount of justice to the Howard Smith Paper Company in connection with these prices. There is no question about it, a statement was made to the House in connection with that very vexed question of export prices, the argument being that the home consumer was being mulct as a result of the protective tariff, and we had wild poundings of desks when that statement was made. It was absolutely untrue, without any foundation in fact at all.

In regard to cotton exemptions, I also think I owe an apology to the manufacturers. My idea has always been, in connection with protective tariffs, that they have to be consistent, that there has not to be a special protection to any one class of producers, but you have got to go all along the line in order to have fairness, and in order to get a proper maximum employment. I was under the impression at that time that these things were being produced in Canada, and I gathered corroboration of that impression from the minister. I have learned since that none of these things were being manufactured in Canada, the particular things my hon. friend was then making free. So that all that he was doing—he was there not defending any principle of protection, he was not there hurting Canadian labour at all—was to remove still further from the tariff a revenue item; that is all. All that Mr. Howard Smith wanted was the removal of a revenue item, and I have to confess he was absolutely consistent in his principles of protection.

Mr. ROBB: Regarding the question of prices I would not wish to be unfair to the Canadian manufacturers of paper. I know nothing about the prices they charge in Canada or for export, but I do know that the publishers of Canadian magazines have lobbied the government, and have been very persistent in their requests that we should remove the duty from coated paper going into magazines. I said to them, why remove the duty; we manufacture paper in Canada? They replied: Yes, but strange to say we can buy this paper cheaper in the United States than in Canada. I did not give the reduction, although I am bound to say I think the magazine men made out a case for very careful consideration, and I propose to submit it to the board for inquiry during the summer.

Mr. FORKE: Mr. Chairman, I think perhaps I am the guilty member who made some of the statements to which the ex-Minister of Finance has referred. I am not in a position to judge the qualities of the different grades of paper that he has mentioned, and I have only this to say. My information came from large users of magazine paper, which is a different grade of paper from the lower grades, and the statement was made to me at that time that the lower grades were sold on equal terms in Canada and the United States, but that on the higher grades of paper there was a difference in price. I may have been mistaken. I could give my authority if it was necessary to do so, but I think it is not in the public interest that I should do so. I made the statement in good faith, and I have some doubts yet as to the correctness of the statement of the ex-Minister of Finance. The publishers of magazines in this country seem to think they are discriminated against in the price of paper they use, but if it can be produced as cheaply in Canada, why should they wish to have it made duty free? There must be some reason for wanting the duty removed, and it must be that the paper is cheaper in the United States. I have my doubts as to whether I was wrong when I made the statement I did at that time.

Sir HENRY DRAYTON: I am afraid my hon. friend, with considerable dexterity, is beclouding the issue. He is forgetting it entirely. I am not complaining that he made the statement that paper could be bought cheaper in the United States than it could in Canada. I am complaining of the definite statement made that a Canadian firm in part, not entirely, but in part, enjoyed the benefit of a protective tariff in connection with the papers which they export, was selling them at considerably lower prices in the United States than in Canada. That was the statement; it was to that effect. It had nothing whatever to do with prices in one market or the other. It had to do with a specific charge against a specific Canadian manufacturer, that he was holding up prices in the home market, when he could well afford to sell at a lower price in the other market. I have gone to the trouble of finding out just what papers he did sell in the foreign market and the prices, and I have this information sworn to. My hon. friend starts out by saying he does not know much about it himself, that he is just passing the information on believing it to be true. I am quite willing to accept his statement; if he did not believe it, he would not state it, of course. But he gets loaded up absolutely wrongly sometimes, and he was loaded up absolutely wrongly on this question. I am not imputing any personal motives to my hon. friend. My hon. friend will see that we gain nothing by leaving the issue and talking of prices of magazine paper. That is not the point. The statement was that this firm that manufactures a high grade paper, and which is also in the export business, exported that paper to the United States at prices considerably lower than what they sold it for in the Canadian market. Now, we know exactly what the export paper is, and exactly what the prices are.

Mr. MILNE: Is that the only kind of paper they export?

Sir HENRY DRAYTON: Hansard has just sent for the statement, and it has gone out. As soon as it gets back I will let my hon. friend know.

Mr. ROSS (Kingston): It was while I was speaking that the leader of the Progressive party interrupted in regard to the price of paper. Since that time I have been endeavouring to find out where he got his information, and whether it was true. I cannot find any basis for his statements. I think at the time, he stated that he got his information from the Howard Smith people—

Mr. FORKE: No.

Mr. ROSS (Kingston): And I made the statement at the time that there were other grades of paper—

Mr. FORKE: Would the hon. member allow me to make an explanation. I was quoting from a statement the Howard Smith Company had made in advertising their bonds for sale. That is what I referred to.

Mr. ROSS (Kingston): I do not remember the word "bond", but I asked for information, and my hon. friend made use of the Howard Smith name.

Schedule agreed to.

On clause 5—Commencement of act.

Mr. GARDINER: Who is responsible for appointing the Tariff Appeal Board? Is it the Civil Service Commission or the government?

Mr. ROBB: It is the Minister of Customs. The board is composed of men of experience who have been in the department many years. It probably has not been changed for years.

Mr. GARDINER: I understand they do not all belong to the Department of Finance but that there are members of other departments on the board. Is that the case?

Mr. ROBB: They all belong to the Department of Customs excepting Mr. Breadner, who was a former employee of that department and has been on the appeal board for many years. Mr. Breadner is now connected with the Finance department as Commissioner of Taxation.

Mr. MEIGHEN: I understand that advantage has been taken to make some corrections of errors as to individual concerns that were made in the course of the debate leading to this bill. I want to refer to an incident which occurred when the hon. member for Springfield (Mr. Hoey) was speaking, and I do so more out of a desire to render justice to the concern in qustion than from any wish to speak in connection with this clause.

First of all, I think that hon. members should be careful before making representations as to an individual business because of the injury which might be done to that business itself and to those concerned in it, injury of a personal as well as of a financial character. This requisite has not been observed by hon. members with that strictness which they should have displayed. At the time the hon. member was speaking he brought in a letter which he had received from Mr. Pedlow—although he did not give that gentleman's name—who was a member of this House for the county of Renfrew until the last election. I thought it rather strange at the time that Mr. Pedlow should take this means of obtruding his opinions in parliament as to an industry, especially one located in a constituency to which he did not belong, and as to the ability of the men engaged in it. I see the hon. member (Mr. Hoey) rather protesting slightly by his attitude against my reference. I do not think the hon. gentleman would have read the letter if he had not had the permission of Mr. Pedlow to read it. Consequently I take it he adopted that means of placing his information here not only as to how businesses were carried on but as to the capacity of the men identified with them. In the first place, the writer of the letter did not seem to have very much knowledge even of where the industry was. The letter referred to it as being in Almonte whereas, as we all know, it was in the town of Carleton Place, the Hawthorne Knitting Company. To intimate that this company was a loosely or poorly organized concern, employing machinery that should be on the scrap heap and consequently bound to fail no matter what its physical condition—well, that idea was so foreign to the truth that I know Mr. Pedlow would not have given utterance to the suggestion had he known even a semblance of the facts. I have it not only from members of the concern but from a gentleman who was identified with the organization of the industry, one who probably knows more about the various woollen mills of the country than any other single individual, that there was no better equipped mill in the Dominion producing this class of goods than the Hawthorne Knitting Mills. It excelled in that respect; in certain phases it had no equal. The concern was precisely of the opposite character from that Mr. Pedlow, apparently, believed it to be. As for the management, nothing could be more unjust, more cruelly unjust, than the intimation that it was loaded down with nepotism. There are none connected with it of the same family save the father and the son, the son being the active manager, and the salaries received were less than the same men had earned—in the case of the father only a mere fraction of what he had showed himself able to earn—in other industries. Speaking with a competitor of the opposite political faith, who brought the subject to my attention by way of protest against this practice in the Commons, this reckless practice, he stated that he knew of no man in Canada more competent in that industry than Mr. Thompson—that he would not desire a more competent man in his own service or as an associate. and that he was recognized as such throughout the whole woollen industry of Canada. How such attacks can be made from a place where there can be no defence on the part of those attacked I do not know.

Intimation also was given that the industry could well have carried on—I gathered that to be the intent of the argument—that the assets were much greater than the liabilities. Well, one would think that if the industry could have been carried on it would have been. Surely nobody believes that men are going to drop hundreds of thousands of dollars for the sake of the political effect alone. It was stated that men should be prevented from doing these things for political effect. You do not need to prevent them; unless they are in lunatic asylums they will prevent themselves. Men in business, as men on farms or anywhere else, are looking after themselves. If they do not pursue that course they will not be in business very long; they are not sacrificing large amounts of money that they do not have to sacrifice.

Now I want to refer to a phase of the subject somewhat different. It has always been regarded that the information given to the Department of Finance for the purposes of taxation is confidential, that, subject to the inspection and review of the department, it is not open to public inspection. I am not particularly standing for that practice, I am not opposing it; I only say, if it is the practice let it be the practice; do not let us have instances of leakage, and if there are such instances let the Minister of Finance trace where the leakage is. This information could have come from no other source. It is not information which is at all discreditable to the management, but the management has a right to the benefit of the usual practice. If the practice is to be changed, all right; but do not let us have these individual cases brought out in debate in this House, thrown out to the public to the injury of those concerned. Let all be treated alike; let the minister get up and say whether this class of information is to be public or whether it is not and if the minister does not know how this matter became public let him institute an inquiry and find out. This, I think, he owes to the people concerned. In this case there has been an apportionment of salaries. This has to be done even though the members of the firm do not draw those amounts; it has to be done for the purpose of estimating the income tax.

Now I conclude. The attack was most unjust and most unfair. It was based on information that should not have been accepted by an hon. member because that information came from one who did not live where the industry was, who had not consulted those concerned in it, and was even astray as to its location. Secondly, I say that the possibility of this class of information being published in individual cases does not argue for the proper conduct of the Department of Finance. If the Department of Finance is going to hold itself irresponsible for these leakages then the best thing to do is to throw the lid off—let all the industries in this Dominion be treated in the same manner and do not make this pretence in the future of general concealment.

Mr. HOEY: I do not know that I have anything to add to the explanation I made when I submitted figures to prove the contention that I then had in mind, figures that have not been disputed until this moment. The failure of the Hawthorne mills was taken advantage of, in my judgment in a most despicable way, to broadcast the news, not only to publish it from ocean to ocean, but to have reprints from a certain newspaper sent to members of this House, and also put in the pay envelopes of the employees engaged in other industries. This was done with one object and one object only in mind, that was to prove that the reduction in the customs tariff on the importation of woollen goods, for which the present government was responsible, had led to these disastrous results. I felt it incumbent upon myself to ascertain and determine, if I could, just what the actual facts were. I think if hon. members will look up the figures they will see that the industries to which I referred made considerable profit during the war period. I compared the scale of wages today in the woollen industry with the salary paid to the president of the United Grain Growers, which salary was made a political issue in the campaign of 1921. I said that whatever the size the Carleton Place mills might be they could hardly be in the same class with a company of that kind. I had a letter from the president of the Hawthorne Mills since the time I delivered my speech. In no instance does he challenge the accuracy of the figures. There were other figures which I had at my disposal which I might have submitted.

Mr. MEIGHEN: Will the hon. gentleman be good enough to read his letter.

Mr. HOEY: I have not the letter before me. I will give my word of honour that he does not challenge a single figure.

Mr. MEIGHEN: It is not the figures that are in dispute particularly.

Mr. HOEY: He does take exception to the statement made in the letter I quoted, that his machinery was largely out of date and should be on the scrap heap. I looked

up the letter in question, and I find the statement in that regard is a very moderate one. The writer of that letter states that in his judgment the machinery to some extent was out of date.

Mr. McMASTER: That the machinery was largely out of date and should be—

Mr. HOEY: Should be on the scrap heap. I think the representatives of the woollen industry who have been carrying on this campaign for almost two years should be the last people in the Dominion of Canada to send abusive letters to members of parliament in an attempt to silence them. I think they are the last people in Canada who should cry out against legitimate criticism. If these people had been getting direct help through the agency of the customs tariff, and if that help in their judgment is inadequate it seems to me that all the figures should be submitted to the members of this House in an attempt to find out just what the actual facts are. The right hon. leader of the opposition (Mr. Meighen), by inference, at least, left the impression on my mind that certain statements were made on the floor of the House that members were not anxious, or perhaps not willing, to make outside. I say that every statement I made in the course of the debate I am willing to make on any platform, anywhere, at any time in this country. When I began the investigation I approached the Acting Minister of Finance (Mr. Robb) in a straightforward legitimate way, and he, in an equally straightforward manner, informed me that information at the disposal of the Finance department was not available to members of this House; and on his suggestion I withdrew the demand for a return that I had placed on the order paper. Being denied access to the information in that way, I felt it my duty to obtain it from other sources. I want to say that most of the information contained in the letter, if not all of it, was obtained from men who are now or were formerly connected with this company.

Mr. MEIGHEN: Will the hon. member say that the information as to salaries and dividends quoted at page 2084 of his speech was obtained from men who had been or are members of the company? If so, will he give us the names?

Mr. HOEY: I do not feel it incumbent to give the names of the men from whom I obtained the information; but I want to repeat that the information I quoted during the course of the debate was given to me on the distinct understanding that it had come from reliable sources, which I knew to be reliable, and with the information that it had been obtained from men who were at the present moment or had been formerly connected with these companies. That mill was not the only one to which I referred.

Mr. MEIGHEN: I referred to that mill. It appears from my hon. friend's statements that he did not get it from men who were or had been members of the company, but from someone else who assured him that they had got it from men who were or had been members of the company. I suppose if he got it from an official of the Finance department, that would be true all right. He had got it from the company or from someone who had been connected with the company. My information is that there is no source whatever from which it could come, save the Finance department. All I say is that if it be true I suggest my belief that it did come directly or indirectly from the Finance department. As to the minister's statement that I intimated he would not say it was outside, I did not intimate that.

Mr. ROBB: Not the minister.

Mr. MEIGHEN: I mean the member; but to make attacks here where those interested have no way of defending themselves is not right. It is all right to attack a member in this House, who is here to defend himself, but to make attacks on men outside the House is not fair, unless it is a matter of distinct public concern, and unless an opportunity is given for defence on their behalf.

Mr. HOEY: It was not a personal attack.

Mr. MEIGHEN: An attack on the capacity of a business man?

Mr. HOEY: In what sense did I attack the capacity of a business man?

Mr. MEIGHEN: I think if my hon. friend will read his speech he will see that there is an attack in what he read.

Mr. HOEY: The right hon. leader of the opposition will have some difficulty in discovering a personal attack.

Mr. MEIGHEN: My hon. friend will find that the matter was brought up by myself at the time he spoke, and I stated that I had never before heard the capacity of the man attacked—

Mr. HOEY: Read the personal attack.

Mr. MEIGHEN: It is contained in the last paragraph of the letter which he read, where I find the following:

You will no doubt hear a great deal during the budget debate about the failure of the woollen mill at Almonte. Well, my own opinion is that a tariff as high as the Rocky mountains all around Canada would not have saved this concern from collapse. There were many reasons for this unfortunate condition, and believe me the tariff had absolutely nothing to do with the case. The overhead expenses were, I am told on what I believe to be good authority, altogether out of proportion to the amount of business done.

Those conditions do not obtain under a competent management.

Mr. HOEY: Oh, yes.

Mr. MEIGHEN: The letter continues:

Too many relatives were attached to the staff at high salaries. Add to this their attempt to sell direct to the retailer, which they found very expensive, and not satisfied with selling to the retailer, they even went to the consumer. Add to these, machinery that should to a very large extent be on the scrap heap, and you have a condition under which no mill could operate successfully no matter where situated or under the very highest tariff protection.

If that is not an attack on the company or on the business capacity of the management, I would not know how to make one.

Mr. HOEY: If the statements are substantially true, it is a reasonable criticism, and these statements have not been denied.

Mr. MEIGHEN: The hon. member is sidestepping in order to appeal to some hon. gentlemen behind him. What I am discussing is that this is an attack on the capacity of the men managing the mill. The hon. member a moment ago said that it was not. Now, I say that the hon. member should be absolutely sure of his ground before he does that, because those representing the mill are not present to speak in their own defence.

Mr. HOEY: If the statements contained therein are substantially true, the criticism is a reasonable one.

Mr. MEIGHEN: Very good, but that is another point. The question is this: First of all the hon. member did not know whether they were true. As a matter of fact, they were not true. What I said was that the hon. member made an attack on the capacity of business men, on the way they ran their business, and he did it in this House where those men could not defend themselves, and without notice so that no one could appear to speak on their behalf. That is what I say is unfair. He says: If it is true, it is all right. I have stated to the hon. member that the facts are in the letter which he does not read. While I know he did not have notice of this, he ought to read that letter and he should have been here with the letter to read it, because it refers to things contradicting definite parts of his speech. He should have stated in this House that he had received the letter and he should have read the contents of it. Instead of stating that he has been abused by the management, let him read the letter to the House, so that hon. members may know what is contained in the letter and whether there is unjust abuse or not. The hon. member, in the course of his speech, endeavoured to point out that the tariff had nothing to do with the matter, and that it was very unfair, and as he said, despicable, to connect the failure of this mill with the legislation promoted by the government to the detriment of those interested in the woollen industry. What is unfair or despicable about that? Are the people of Canada not entitled to know the effect of the policy Canada is pursuing?

Mr. HOEY: Exactly—unfair and despicable to attribute the condition in which the mill found itself to the negligible reductions that had taken place under this administration.

Mr. MEIGHEN: I think the management ought to know, and if that was their belief, they had a perfect right to say so.

Mr. HOEY: They have a right to express their belief.

Mr. MEIGHEN: Have they not a right to circulate their belief?

Mr. HOEY: I have hesitation in saying that they should circularise members with propaganda.

Mr. MEIGHEN: We want to know these things. We can believe them or not, as we like.

Mr. HOEY: We should hear both sides.

Mr. MEIGHEN: The hon. member is very talkative, but he is not saying very much. To say that it is despicable—

An hon. MEMBER: Shame.

Mr. MEIGHEN: What is the matter with the hon. member? Is he covered with shame? I do not see why he should be. To say that it is despicable for a party to be circularised with a belief, with the reasons therefore of the party most concerned—surely the absurdity of that appeals to the hon. member at once. We do not need to accept all that is sent to us. We can examine and find out; but do not attack as despicable the mere fact that they are sent.

Mr. HOEY: Will the leader of the opposition not admit that these representations were put into the pay envelopes which were handed to people who had not an opportunity, or the facts at their disposal, to enable them to determine whether the tariff was responponsible for this condition or not?

Mr. MEIGHEN: Very good.

Some hon. MEMBERS: Hear, hear.

Mr. MEIGHEN: That seems to settle the matter with some hon. members. How utterly ridiculous that talk is! Is the hon. member going to suggest that those to whom he sends his speeches are in any better position to know the facts? Not the slightest. I do not know any people in a better position than those engaged in the industry.

Mr. HOEY: If they get both sides of the question.

Mr. MEIGHEN: Let the hon. member send his.

Mr. HOEY: That is what I did.

Mr. MEIGHEN: Let him do it.

Mr. HOEY: What is the row?

Mr. MEIGHEN: The hon. member may think he is smart, but he is trying all the time to sidestep the point. The point is this: Their conduct was perfectly honest in sending forth the fact of the failure and the belief of the management as to the causes of the failure. If the hon. member wants to send his belief, let him send it, but based on facts he not only believes but has a right to believe. That is all I ask.

Mr. HOEY: Mr. Chairman—

Mr. MEIGHEN: The hon. member seems determined on one thing, and that is that I shall not have an opportunity to utter a sentence without an interruption from himself. He is exceedingly restive. It is he who is responsible for the character of the acrimony that has arisen in this discussion; if he had let me proceed, there would have been no need of it. In the course of his address, the hon. member drew attention to the fact that other mills were continuing to do business. I referred to the matter in the speech I made following his. I wish to say now only that I believe those mills were making a class of goods used here that did not come into competition with European importations. That has been confirmed by direct inquiry, and I think he would have had it confirmed if he had read the letter.

[Mr. Meighen.]

Mr. HOEY: It is contained in the letter I quoted.

Mr. MEIGHEN: That affects the argument which the hon. member sought to deduce, an argument which he was at perfect liberty to deduce but I think it very much modifies the force of the argument. In the next place, the mill that failed

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was approximately of the size of the whole three mills referred to together. This is something of importance too. We cannot get away from the fact that small reductions, even though trifling, if they come below the level at which a mill in Canada can succeed, even though they are one per cent, they may destroy the mill. If the duty had been high and a small reduction made, it might have no effect whatever; but if we are down already to the level at which no industry can succeed, then a reduction however small below that, means a collapse of the enterprise.

Mr. ROBB: I should like to repeat on behalf of the Income branch of the Finance department what was said here a few evenings ago, that secrecy is the essence of the act. I think all of us who were in parliament when the act was first introduced insisted on that. I confess that I was very much disturbed when I received a letter from this company intimating that the information must have come out from the Income branch of the department, but I am somewhat relieved to-day by the statement of the hon. member for Springfield (Mr. Hoey) that he received that information from former employees of this mill.

Mr. MEIGHEN: May I correct the hon. minister? He does not say that. He says that he got it from others who got it from them, and that would be quite consistent with his getting it from the Finance department.

Mr. ROBB: I was proceeding to say that already we had started out to try to determine if there is any leak in the department. The regular officials of the department are under obligation not to reveal anything that comes to the department by way of returns, and I have requested the taxation commissioner to confer with me as to the advisability of placing all the employees on oath, because we want to carry out the act fairly. But I serve notice now to all employees of the Income branch of the department here and throughout the Dominion of Canada that any person who, while the act is in its present form, reveals information that comes to him, does so at the risk of losing his position.

Mr. HOEY: Will the Acting Minister of Finance answer me this question? Has he recently seen the amendment to the income tax law in the United States which gives publicity to all returns whether they be of individuals or of corporations?

Mr. ROBB: That is a different matter. We are acting under the law of this country, and when parliament decides to alter the act, we will administer it as changed, but at present we are administering the act as we find it.

Mr. PRESTON: Coming as I do from the great town of Carleton Place, where this Hawthorne mill is situated and to which I referred in my address to this House a short time ago, I stated then what were the facts and I now reiterate them as facts. I do not say all the statements made by the hon. member (Mr. Hoey), but a large portion of these statements are not in accord with the facts at all. In the first place, he knows nothing about the mill. He never saw it.

Mr. HOEY: Does the hon. gentleman contend that I have never visited Carleton Place and seen the mill?

Mr. PRESTON: If the hon. member did so, he would have more knowledge about the mill than he has displayed in this House. Otherwise he is twisting and turning the facts to suit himself.

The CHAIRMAN: Order.

Mr. PRESTON: I do not think it becomes any hon. gentleman, even though he may be opposed to the National Policy or any other policy of that nature, to go out of his way to vilify a company which is trying to carry on business and which as a matter of fact has operated successfully for a number of years. I stated that this was a four-storey mill; the hon. gentleman dismisses it with the designation of a "two by four" affair; and as regards its machinery he says it is only fit to be scrapped, or words to that effect. Now, any one who will take the trouble to examine the mill will find that it has as good machinery as money can purchase. There may be some machinery in it that is not exactly new, but it is as good as new. So that when the hon. gentleman gets up and makes the wild statements to which we have listened in this House, I can only say that he is very wide of the mark and entirely away from the facts. No one can understand why this particular mill should be singled out for special attack. It is not the only mill in that county which has closed its doors by reason of the change the government has made in the tariff, and why it should be made the subject of attack I cannot understand. What is the reason for singling out the Hawthorne mill? What have these people ever done to the hon. gentleman that he should attack them? And letters have been written by a member of this House to prominent men in Carleton Place in reference to the mill, presumably with a view to finding out something that would materially refute the statements I have made concerning it. I think that any hon. gentleman is taking a very grave position when he makes statements without knowing exactly on what ground he is standing. I would ask my hon. friend where he got his information, and whether he thinks he is fair either to himself or to the House in getting up and making allegations without disclosing his authority. I will now give him a chance to answer.

Mr. HOEY: I have nothing to add to what I have said; I have already intimated the sources from which I got my information.

Sir HENRY DRAYTON: No.

Mr. PRESTON: That is not an answer; the hon. member is wide of the mark and is simply sidestepping the issue. He certainly is not fair either to himself or to those against whom he has made these statements if he refuses to tell us where he got his information, because it is absolutely necessary that we should know on what authority he speaks. We are going to find out, and the hon. member might as well tell us now. I will give him another chance.

Mr. HOEY: This is merely a camouflaged attempt to discredit figures that cannot be discredited; it is an attempt to show that they come from some mysterious source. But it is significant that the figures I have quoted have not been challenged, nor has the truth of them been disputed, by a single member who has taken the floor this afternoon.

Mr. PRESTON: The hon. member still refuses to tell us where he got his figures. He made another statement too; he said that there were a large number of relatives employed in the mill. As a matter of fact there are just two, father and son. That is not a very large number, surely; and is there anything wrong about it?

Mr. BUREAU: If that is the whole family it is enough.

Mr. PRESTON: The father and son certainly run the mill, and it is no one's business.

Mr. McBRIDE: I want to ask the hon. member a question.

Mr. PRESTON: All these charges that have been made in this matter are pure hearsay. If the hon. member has been speaking on hearsay why does he not say so? I repeat, he is not fair to himself in refusing to give his authority for the statements he has made.

Mr. McBRIDE: I want to ask the hon. gentleman this question: Will he suggest that the Canadian people are not fit to compete with the people on the other side of the line provided they have the same sort of machinery?

Mr. PRESTON: If I had the same ideas as the hon. gentleman has in regard to these things I would not live in Canada at all. Every one knows that the Canadian people are competent and are quite able to take their own part in any business; but the government places on the statute book an act which will enable foreign goods to come in under conditions disadvantageous to the people of Canada and that certainly is not playing fair with the Canadian business people. I think my hon. friend will agree with me.

Mr. McBRIDE: I do not.

Mr. PRESTON: Of course not. I think my hon. friend is as good a Canadian as myself and is just as anxious to see Canada prosperous; I have no doubt he wants to see all the industries, not only in Carleton Place but throughout the country, grow and succeed.

Mr. McBRIDE: The hon. gentleman says that I am a good Canadian like himself, but I say if I could not compete with any American or with anybody else in any other country I would not call myself a good Canadian.

Mr. BROWN: In regard to this particular mill at Carleton Place, I want to ask the hon. gentleman whether it is not a fact that recently a very large addition has been made to it. I admit that the description two by four is not fitting, for I have seen the mill. But is it not a fact, I ask, that a very large addition has been made to the mill in very recent times and which practically speaking has not been operated at all? I believe that to be the fact.

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Mr. PRESTON: No, sir.

Mr. BROWN: There is no testimony I can offer which I can substantiate.

[Mr. Preston.]

Mr. PRESTON: What my hon. friend implies in his question is not true.

Mr. BROWN: Is it not true that a large addition has been made to the mill?

Mr. PRESTON: There was, several years ago.

Mr. BROWN: How long ago?

Mr. PRESTON: Four or five years ago.

Mr. BROWN: That is the point.

Mr. PRESTON: And every part of it has been operated.

Mr. BROWN: I may be wrong on that point, but the undisputed fact is that a very expensive addition has been made to the mill within quite recent times. Now, I admit that hearsay evidence is not of any value in a court of law; nevertheless it is of considerable value to the people of a country when they come to form opinions concerning matters in general. I am informed—I admit at once that it is hearsay evidence—that this very large addition was made to a mill by a company that certainly made large profits during the war; and that addition was made when prices and labour were high. The contract was let and I understand that the contractor brought his material, even down to the very sand, from Hamilton. That may be right or it may be wrong, I do not know; at any rate the statement was made to me and the truth of it can be verified. I was informed that even the sand was brought from Hamilton. If these things are true—and I want to say again that I am not saying that they are or are not true—then is it right to expect the people of Canada to support the putting up of buildings in that way in connection with which such a tremendous overhead is undertaken? I am disposed to believe that the statement is true, not only in regard to that particular mill but concerning other mills as well, that they are to-day carrying, in the way of salaries and equipment, an overhead expense that cannot be justified. I agree that it is a tragedy that this particular mill at Carleton Place should stand idle. I saw it the other day as I rowed past it on the river, and it is certainly a splendid institution. But who is to blame for the position in which it finds itself?

Mr. STEVENS: The hon. member said a moment ago he believed these statements were true. Does he really believe that the builders of that mill brought sand from Hamilton for use in the construction? Does he honestly believe that?

Mr. BROWN: I say I am so informed.

Mr. STEVENS: But, leaving aside hearsay evidence does my hon. friend's intelligence convince him that that is true?

Mr. BROWN: I am simply so informed, and the man who informed me is a credible man. And if it is not so it would be quite in order for some person to contradict it.

Mr. PRESTON: I will contradict it now and say it is not so. The hon. member said also that he saw it the other day travelling through on the train.

Mr. BROWN: I did not say anything of the sort.

Mr. PRESTON: Was he on the river?

Mr. BROWN: I rowed by it on the river. It is a splendid mill and it is a tragedy that a mill of that kind should not be operated today in Canada. I know something of the quality of the goods that the mills in that district are capable of making. But if this tremendous overhead is to be carried by them the load upon the people of Canada will be such as they cannot bear. Now, we might have some investigation made into some of these rumours that are current, and I for one would be only too glad to retract any statement I have made in regard to the matter if it is found to be not in harmony with the facts. I am also informed that the architect got a very large price for his work in connection with that addition to the mill. Undoubtedly the mill is a splendid one, but it was constructed at a price that the people should not be expected to carry.

Mr. MEIGHEN: I do not think the hon. member thought very deeply about the subject before he spoke. I am not finding fault with his bringing a rumour in at this time, although I do not think it is good practice in this House, particularly when it is a rumour that men were acting like insane people. What in the world would the management have to gain by paying too much for its sand? Does the hon. member really think that men are in business to make as big fools of themselves as possible?

Mr. McMASTER: Sometimes you would judge so, from the way some things are run.

Mr. MEIGHEN: Sometimes the hon. member for Brome (Mr. McMaster) would judge so, and it is just because he so judges that he is nearly always wrong. His theories are based upon foolish assumptions of that sort; that is the trouble with him. But suppose these people did make a mistake; suppose they did not know there was sand outside the door and brought it from Hamilton, and that that added ten per cent to the cost of the mills,—what on earth has that to do with the failure of the mill? Why, if the mill was built right we will presume it would earn five per cent—

Some hon. MEMBERS: Oh, oh.

Mr. MEIGHEN: Let us wait a minute. It would earn say five per cent, or six, or seven. If the cost was twice as much as it ought to be, then it would earn only 2½ per cent. Do you imagine anybody would close a mill if it could earn 2½ per cent?

Mr. BROWN: The point seems to be that the addition should not have been made at that time. I think that could be substantiated.

Mr. MEIGHEN: That is another point. We are at the sand just now. Sometimes mistakes are made in building. Certainly the mill should never have been built had it been known that this government would be in power; that is quite true. The point I am getting at is this: If all the hon. member's rumours were correct it would mean a small addition to the price, made by foolish men. Even if it meant an addition of one hundred per cent it would not in the slightest degree account for the failure, because as long as they could make one per cent and earn their own salaries they would keep it going. All they would have to do then would be to make half the ordinary percentage that they expected in the first place. The hon. member will see that these considerations have nothing to do with the matter of failure. The failure of the mill means that the capital is gone. The mill would be continued if the capital was a little better than gone—that is unless it could be presumed that the management was financially mad or only after some political point.

Mr. KENNEDY (Edmonton): What is the difference between freezing out, say, an industry of that kind if they have shown bad judgment in business—in expanding after the war, for example—and freezing out hundreds of thousands of farmers in the West who have paid too much for their land?

Mr. MEIGHEN: That is another point altogether. Certainly any management has to pay the penalty of its misjudgment, in any business in the world. If they paid too much for sand it would mean they would get less on their capital investment. But all the sand you can imagine, all the error of judgment you can imagine, would never account for the mill closing, because as long as they make anything on the capital investment the operations will continue rather than

collapse. If they were here asking for a slightly higher interest on their money perhaps there would be some argument, but they have collapsed and lost capital. And they are only one of a great many all over the country. Do not let us think that there is just one mill fallen, in Carleton Place. Why, right there there is an owner of three mills who has had to close two of them, and I would like hon. members to stand before him and say that he had to do it because of bad management; he has been in business twenty, thirty, or forty years. I am informed that the other one will have to close within a few weeks.

Mr. BEAUBIEN: Would not the lack of purchasing power have something to do with it?

Mr. MEIGHEN: No. Purchasing power has increased; at least, purchases are increasing, but they are purchasing British goods. Increase of purchasing power does not matter a fig if it goes to another country; it does not help this country in the slightest. Why, importations have multiplied twofold in many lines, in some cases fourfold. However, that is the main issue. I have no desire to pursue it to the extent of rehashing the debate.

I want to refer to just one other point. I do not propose to criticise the salary of anybody. I will get as big a salary as I can when I go into business life or any life, and I have no fault to find with anybody for earning all he can. But there is a very great difference between the turnover of a business which is merely buying and selling and that of a business which is manufacturing or producing. For instance, if in the Grain Growers' Grain business—again I repeat, I am not criticising salary at all and never have—if the grain were produced by the industry that industry would be infinitely bigger than it is to-day when the product is merely bought and sold. In a word, the quality of management required for a concern that produces its goods from the raw and brings them to a completed state and sells, proportionate to the turnover, is, of course, wholly different from that of a concern which is engaged only in the buying and selling. The turnover is not the measure of the importance or difficulty of the managing of a business.

Mr. HOEY: It is an indication.

Mr. MEIGHEN: It is only one of many indications and may be wholly offset by another consideration which I have tried to put before the committee to-day.

[Mr. Meighen.]

Mr. HALBERT: Why would one woollen mill be compelled to close down while other woollen mills in the same province increase their output? I have a letter in my desk from Alex Horne, president of the woollen mills at Lindsay, and that is his position.

Mr. MEIGHEN: What does that mill make?

Mr. HALBERT: Woollen goods.

Mr. MEIGHEN: What kind?

Mr. HALBERT: All kinds.

Mr. MEIGHEN: Oh, no.

Mr. HALBERT: It is woollen goods, anyway. It is the difference in management that counts. Are the people of this country to be penalized because one manufacturer is guilty of bad management?

Mr. MEIGHEN: In this case it is not a question of management at all. Here is an illustration of the truth of the old adage:

> A little learning is a dangerous thing;
> Drink deep, or taste not the Pierian spring.

Mr. HALBERT: That is small politics for the leader of a once great party. I would point out to my right hon. friend that while the farmers may not have had a chance to get the education that some others have, at the same time they have a little judgment.

Mr. MEIGHEN: I am not referring to education. I am referring to the hon. member's not having gone deeply into the question. The hon. member knows that that is what I meant.

Mr. HALBERT: I have it from the president of the woollen mills.

Mr. MEIGHEN: Very good, but he does not know the special circumstances, to the extent that he can be just in the discussion himself. I do not know them either, but I know there is no mill in Canada making all kinds of woollens. Each is making its specialty. Some are making woollens that are not imported, that are of a quality peculiar to this country; consequently they are not affected by the tariff. But if every one, or even another, goes into that line, the industry cannot live. The market is very limited; those who are fortunate enough to be in that line get on, but even those I am told, will in some cases have to close because there is not a market for their goods. It all depends on the industry, on the particular line of industry, as on other circumstances, and in nearly every case the result is effected by independent management.

Mr. ROSS (Kingston): Speaking on another occasion in regard to newsprint, I quoted a letter from a Canadian newspaper in which reference was made to the closing out of newspapers in Canada. I was interrupted at that time by the leader of the Progressive party asking me if I did not know that paper was being sold cheaper in the United States than in Canada. I was speaking at that time only of newsprint, and when he gave the information he did, I accepted it and I believe the House did, that he got it from the Howard Smith Paper Company.

Mr. FORKE: I ask the hon. gentleman for his authority for that statement. Quote Hansard, if you please.

Mr. ROSS (Kingston): Mr. Chairman, that was exactly what I was coming to. I made the statement a few moments ago that bonds were not referred to by my hon. friend when he made that interruption, and I want to read now from Hansard what he said:

> Mr. FORKE: I may be wrong; I want information; but I have been informed that fine paper was being sold in Canada for, I think, seven cents per pound, and the same paper was being sold to American users of that class of paper for five cents per pound, irrespective of the sales tax altogether. I may be wrong in that information. I have no hesitation in giving names, and the firm that I refer to was the Howard Smith Paper Company.

There was no mention there of bonds or anything like it.

Mr. FORKE: Will the hon. member allow me?

The CHAIRMAN: Order. The hon. member will have his opportunity later.

Mr. FORKE: I did not say the Howard Smith Company gave me that information.

Sir HENRY DRAYTON: You said they were making the sales.

Mr. FORKE: I made no suggestion that they gave me the information, and that is what the hon. member for Kingston is trying to prove.

Mr. ROSS (Kingston): It is just a case of a member being interrupted when he is taking up a subject, and an assertion being interjected, and then later on an attempt is made to creep behind it. Now that letter was referring to newsprint only. It was a letter sent to me by the manager of a good Liberal paper in the province of Ontario, in the city of Kingston. I have read the statement that was made by the hon. member. It starts out with the information that it came from the Howard Smith Company, and there is nothing there with regard to bonds or anything else. Why I take this up is because since that statement was made, I have spent a good deal of time in an effort to find out the facts, and these same people wrote me and other papers, and there was no confirmation of the statement made by the hon. member in any way whatever, that Canadian newspapers were at a disadvantage, and that is all I was trying to establish when I was interrupted by the hon. member. There it is on page 1792 of Hansard, where he gives the information as coming from Howard Smith.

Sir HENRY DRAYTON: One hon. gentleman to my left a few moments ago asked me whether I had given all the information as to the total shipments of the Howard Smith Company. I replied that I had sent the letter to Hansard, that I was under that impression, but that I wanted to be absolutely sure and I would give the information when the letter was returned. I have it here. It says:

> In reference to shipments of paper to the United States, I wish to advise you that we have only made shipments from the Crabtree division—

These shipments consist of "unfinished hanging paper, news coating paper and standard half-tone news." That is all that is said. The whole thing is given there. There is no doubt that this was the firm referred to, as my hon. friend from Kingston has pointed out. There is no doubt at all that the statement was made by the leader of the Progressive party that the Canadian manufacturers were selling paper more cheaply to the Americans than to their own Canadian users of paper. There is no question but what the firm of Howard Smith was referred to by the same hon. gentleman. and there is no question in the light of all facts but that he was entirely mistaken and misinformed.

Mr. FORKE: I should know by this time that I was entirely mistaken and misinformed, because the hon. member has repeated it often enough. I am entirely at a loss to understand how the hon. member for Kingston can infer from the statement I made that I referred to the Howard Smith Company as the source of my information. I will read the same paragraph again: I am quoting from Hansard of May 6:

> I may be wrong; I want information; but I have been informed that fine paper was being sold in Canada for, I think, seven cents per pound, and the same paper was being sold to American users of that class of paper for five cents per pound, irrespective of the sales tax altogether. I may be wrong in that information. I have no hesitation in giving names, and the firm that I refer to was the Howard Smith Paper Company.

Meaning that that company sold the paper, not that they gave me the information. That is surely plain enough. That is the meaning I intended to convey. The hon. member for Kingston may have got a wrong impression from my remarks; I may not have stated it as plainly as I might have done, but the meaning I intended to convey was that that was the firm that sold the paper.

While I am on my feet, I want to say a few words in regard to the discussion that has taken place regarding certain institutions and manufacturers. I think perhaps the impression is being sought to be conveyed to the country that members in this part of the House have no sympathy with industry, that we are not well wishers of Canadian manufacturers. I want to place myself on record and I think I can speak for other members in this part of the House. I think there is no member of this House but wants to see Canadian industry prosper. I do not want the impression to go out to the country that we are here to attack and destroy Canadian industries. We are here to support and encourage every legitimate Canadian industry that is able to carry on under proper conditions. But suppose we protect Canadian industry and multiply factories until there is no consuming public to buy the products of those factories; where will this thing end? I would like to know where the thing is going to end. Take the woollen industry, for instance. Wool can be procured quite readily in this country, the industry has a very good measure of protection at the present time and there must be something wrong with these industries if they cannot carry on under proper conditions. What is the matter? We have no free trade at the present time; the woollen industry enjoys considerable protection. I went out to Trenton the other day, and I was very much interested in going through the factory there. I was very friendly towards the factory; I wish to see it go ahead and prosper. It is a wool-combing factory, and I believe that that business will go on and prosper. It is a legitimate industry, under good management, and carried on under proper conditions, with splendid machinery, and I think it will be able to compete with any other industry of its kind in Canada or the United States. I just want to make plain, Mr. Chairman, that we have no hostility towards the Canadian manufacturers as such. We wish to see industries prosper under proper conditions.

Schedule agreed to.

Bill reported.

[Mr. Forke.]

CORRECTION IN DIVISION

Mr. SPEAKER: Before proceeding to the next order of business I wish to state that a revision of the vote taken a few minutes ago on the second reading of Bill No. 127, to amend the Customs Tariff, 1907, reveals that there was a mistake in the first announcement. There were 36 yeas on the amendment as against 135 nays instead of 114 nays.

SPECIAL WAR REVENUE ACT, 1915, AMENDMENT

Hon. J. A. ROBB (Acting Minister of Finance) moved the second reading of Bill No. 142, to Amend the Special War Revenue Act, 1915.

Motion agreed to, bill read the second time, and the House went into committee thereon, Mr. Gordon in the chair.

On section 1, sub-section 1—Tax on sales reduced.

Sir HENRY DRAYTON: It seems to me we asked for information on this. Has my hon. friend got that information now?

Mr. ROBB: On the arrears of sales tax?

Sir HENRY DRAYTON: Yes.

Mr. ROBB: I have a memorandum from the Department of Customs intimating that it would be difficult to prepare a sales tax statement separately for each fiscal year, as the records of the department do not give the taxes separately for each period.

Sir HENRY DRAYTON: Does my hon. friend really say that it is impossible to tell the amount of taxes due in any department of the government for a given fiscal year, does he seriously mean that?

Mr. ROBB: It can be given, of course, but after a great deal of labour. My hon. friend, I think, will understand that in the case of some arrears people come in and pay so much on account. The officers of the department have to go through their ledgers monthly to check these figures up. I have here a memorandum on the subject which I will read:

The sales tax collections since the imposition of the tax on the 19th May, 1920, amount to $300,079,059.33; by fiscal years, as follows:

1920-21	$ 38,128,063 94
1921-22	61,518,751 13
1922-23	91,247,189 37
1923-24	101,008,447 64
April and May 1924	8,176,607 25
Total	$300,079,059 33

The arrears of sales tax on the 31st March, 1924, amount approximately, to $2,330,000, or slightly over seventy-seven one-hundredths of one per cent of the total collections.

Mr. MEIGHEN: Do those figures go back to the collections since the inauguration of the tax?

Mr. ROBB: Yes.

As pointed out in answer to the question asked in the House of Commons by Sir Henry Drayton, 3,170 persons and firms are in arrears of sales tax, but of this number 704 are in arrears for three months and under. As previously stated, 431 of the persons and firms in arrears for sales taxes are retail bakers and confectioners who have refused to pay the sales taxes, pending the judgment of the Supreme Court of Canada in the case of Rex vs. Versailles Sweets. Judgment in this instance has been given in favour of the government in two courts, namely,—the Supreme Court of Ontario and the Appeal Court of Ontario. The case has been further appealed to the Supreme Court of Canada and is expected to come up for hearing some time next week.

I may say that this memorandum is dated May 30.

It may be explained that when the act came into force on 19th May, 1920, the sales tax collections were made by the officers of the old Inland Revenue department through inland revenue divisions, and this did not provide a proper organization. The Inland revenue divisions were consolidated with the customs port service on 1st April, 1921, but the new organization was not perfected until April 1, 1922, when the work in connection with the arrears of sales tax was transferred from the administrative branch of the department to the inspection branch. This has resulted in a better organization, and at present the arrears are being dealt with daily as reported to the department by the inspection branch.

R. R. FARROW,
Commissioner.

Mr. BUREAU: I should like to say, if I may be allowed, that there were people who did not understand the tax system at its inception and did not pay taxes, consequently there are arrears since the tax first came into force. In a great many cases there were people who did not understand the keeping of books, as a result of which some did not charge the tax properly, others did not charge it at all and a lot of confusion resulted. Now we have auditors and inspectors and their work consists in co-ordinating matters and seeing that the law is carried out in a proper manner. In the case of the gallonage tax the arrears amount to quite a considerable sum. That, of course, has reference to the tax on soft drinks. The people in the business claimed they could not collect the tax and if we forced them to pay it they would be put out of business. My hon. friend from Vancouver Centre (Mr. Stevens), for example, has had some pretty hard cases in his riding. The contention was made by these men that if we forced them to pay the tax they would have to go to the wall. Well, we had to accept their proposition to pay by instalments. We have established the fact, by having auditors go through their books, that they could not pay the tax in its entirety, and that if we compelled them to do so we would only force them out of business. I confess that this is a most difficult—

Mr. CALDWELL: Iniquitous.

Mr. BUREAU: I will not say it is iniquitous, it is equitable, but it is very far reaching in its effect. If my hon. friend buys ten dollars worth of goods he has to pay 5 per cent; on a coat costing $100 he must pay 5 per cent; on everything he buys which is subject to the sales tax he has to pay.

Mr. FORKE: Supposing a man had to buy nine or ten little coats?

Mr. BUREAU: In that case he will get the glory but he will have to pay for it just as others have to do. Under the present system it will be possible to do this if my hon. friend wants it, but it will involve a terrible amount of work. It is being done gradually now. If we were to endeavour to get it out in a week or two we would require an extra staff, and my hon. friend knows that the employment of a staff of new men does not mean that we will get the same amount of work out of them. It is better to employ men who know about the work, as they co-ordinate better. Certain suits have been brought, and we have to suspend these suits at times, otherwise we would force the parties into litigation. I am willing to confess that we ought to take action under the law, whether these people went to the wall or not, but I thought it was better to consider the interests of the country first, the interests of the trade, and the commercial interests, and to be a little more lenient. They are making an effort and the taxes are coming in, but they are coming in slowly.

Mr. CALDWELL: How does the minister decide when he should prosecute and when he should not—when he should put them into liquidation? Does the department audit their accounts and take stock of their standing?

Mr. BUREAU: We have an auditor who looks after that. These firms produce their books, show their profits and what they have been doing for perhaps a couple of years previously, and show what they are up against. If we see we cannot collect the whole amount, or if we see bringing an action would force them into liquidation or into bankruptcy, we give them time.

Mr. CALDWELL: Does the auditor take into account the amount of water that may be in the stock, and the dividends that have been paid to the shareholders?

Mr. BUREAU: So far, that has not been done. We have been taking into account the figures in the books, the volume of business done, margin of profit, and the expenses of these firms. If the investigation shows that the profits have been so small that they are not able to pay the tax, we bear with them and give them time to pay it.

Sir HENRY DRAYTON: If they have the money you make them pay, and if they have not the money they do not pay.

Mr. BUREAU: If they have the money we force them to pay.

Sir HENRY DRAYTON: What is the machinery in force to work that out at the present time?

Mr. BUREAU: It is worked out in this way: Those firms who ask for an extension give us a copy of their books and a statement of their affairs. These are investigated by our auditors. They generally bring in a sworn statement of their business for the preceding year or perhaps two years, showing that the margin of profit and the amount of business they have done will not enable them to pay the claim which we make without going into bankruptcy.

Mr. MEIGHEN: No one is more capable of answering the question of the hon. member for Carleton and Victoria (Mr. Caldwell) than the Minister of Customs. I think he ought to take the matter in hand just now and give us his opinion in regard to this problem of watered stock affecting the collection of taxes.

Mr. CALDWELL: Before the minister replies, my point is this: I believe it is possible for a firm to milk their profits into dividends and stock which is not represented by money. Are we to understand that you forgive these people in regard to the payment of the sales tax, or do you simply give them time to pay by instalments? Is the tax cancelled if they make no profit? Are these cases that are referred to cases of people who did not know they had to pay the sales tax, and were not charging it to the customer?

Mr. BUREAU: They were charging it improperly. Some of them thought that, because a man had the name of manufacturer, he would be in the same position with regard to the tax as the manufacturer. We have a tobacco manufacturer in the riding represented by my hon. friend who interpreted the word "manufacturer" in his own way, and simply charged the smaller instead of the larger tax. Mistakes have been made in that way. As far as the right hon. leader of the opposition's question about my views on watered stock is concerned, I answer that whenever dividends are paid we have no mercy, and we say, "You must pay the government". But in every case where we extend mercy and give time no dividends have been paid.

Sir HENRY DRAYTON: The minister should go much further than that. He is treating the tax as if it were a profit tax, which it is not. It is a tax which is payable just as soon as the sales are made under the act, irrespective of profit altogther, and should be collected immediately.

Mr. BUREAU: I admit that.

Sir HENRY DRAYTON: There is no necessity for any of these questions about stock, or profits, or anything. The only reason for not collecting the tax is that the people did not properly understand it, but there is always that difficulty with a new law. I should have thought we had got rid of the difficulty pretty well by this time. The public should be educated now. I wanted to find out the current method of enforcing the prompt payment of current taxes which do not depend on accounting or profits, but merely on the sale.

Mr. BUREAU: Our auditors go to these people and make an investigation, and where the auditors think they can pay the tax they must do it; sometimes in special cases we make an exception. But I go further than my hon. friend. I say to the people who do not pay their tax, "You have no right to use government money to compete with the man who pays taxes;" and in some cases we have been very severe with them. I do not want to bring any calamity on the country by dealing too harshly with such people; I do not think we should. I do not intend to be hard on these people when they come forward and put up a good case. I think we ought to use a certain amount of discretion, in order to save the trade and industries of the country. Some of them have done wrong, and should be dealt with. I admit it is a wrong principle to be too lenient, and I put it to them in the way I have stated, that they cannot use money which should be turned over to the government to compete with the man who has paid his taxes to the government. I am trying to remedy the condition as best I can.

Sir HENRY DRAYTON: I want to see what is being done to ensure prompt payment of taxes, now that the people understand them. You say the auditors go round and investigate and send in their report; but surely you do not wait for that? Surely the people are invited to send in their return of the month's sales?

Mr. BUREAU: We have given instructions to the collectors at each port to see that the taxes are collected immediately and to report arrears. When these arrears are reported, they are handed over to the Department of Justice for collection.

Sir HENRY DRAYTON: What is the initial procedure? What is the duty of the man who is in business at the end of each month?

Mr. BUREAU: To pay the sales tax.

Sir HENRY DRAYTON: How is that being policed and looked after?

Mr. BUREAU: By the auditors who go round.

Sir HENRY DRAYTON: Has my hon. friend any idea what percentage of voluntary statements are sent in?

Mr. BUREAU: No, I have not.

Sir HENRY DRAYTON: What penalty is provided if the monthly statement is not sent in?

Mr. BUREAU: We have an officer who looks after that, and we see that he is a good man. My hon. friend ought to know. He imposed the penalty.

Sir HENRY DRAYTON: No. The regulations have been changed half a dozen times since I was in charge of the department. I could not understand a lot of them, and the Minister of Finance (Mr. Fielding) could not understand them when they were read in the House.

Mr. BUREAU: The words of the act are:

Liable to a penalty of not less than $50 and not exceeding $1,000.

Sir HENRY DRAYTON: In connection with what offence?

Mr. BUREAU: The section reads:

Neglect or refusal to pay any tax imposed by this act.

Sir HENRY DRAYTON: That is hardly what I asked. Many regulations have been issued. I had quite a number of them and I was going to read them all. I read two, and the Acting Minister of Finance (Mr. Robb) could not tell me what they meant, so I stopped. With a view of seeing how this is run and how it works out, I want to take the first initial step. I understand from the minister that at the end of each month, it is the duty of the merchant to make up the total of his sales, compute his sales tax and send his statement to the department with a cheque. Am I right?

Mr. BUREAU: Yes. He has to send it to the collector of the port.

Sir HENRY DRAYTON: Is there any paticular form of return adopted by the department for that?

Mr. BUREAU: Yes.

Sir HENRY DRAYTON: What is the penalty for not sending the form in? That is the first procedure before the tax can be levied by the department?—the minister refers to a penalty for non-payment of a tax levied by his department.

Mr. BUREAU: Yes.

Sir HENRY DRAYTON: It would be a tremendous amount of work to go around and inquire into everybody's business before taxes are levied, so that I assume, in the majority of cases, the minister's department levies the tax in accordance with the return made by the trader.

Mr. BUREAU: I do not exactly understand what my hon. friend means. The merchant makes his return to the collector. The hon. member is speaking about the man in default.

Sir HENRY DRAYTON: I have not reached there yet. I am speaking about the merchant. As I understand the minister, the merchant's duty is this: At the end of each month he makes up a statement of his total sales and sends that in on a form supplied to him by the department, I assume, to the collector, with a cheque for the percentage that would require to be paid on the volume of sales as disclosed by the return. Is that right?

Mr. BUREAU: Yes.

Sir HENRY DRAYTON: What penalty is there for not sending that return in at the end of the month?

Mr. BUREAU: That is the penalty that is imposed upon those who refuse to pay the tax, because if a merchant does not send in his return, does not send in his cheque, he therefore refuses to pay the tax.

Sir HENRY DRAYTON: Can the minister have all the regulations with him to-morrow so that we may go through them?

Mr. BUREAU: I shall have them bound to-night and the hon. member will have them in the morning.

Mr. ROBB: I shall be absent to-morrow. Can we put this through?

Sir HENRY DRAYTON: This is a long one and we cannot possibly put it through. We have not this information yet. There is just one thing I want to point out to the Minister of Customs, something that struck me as being very extraordinary if true—and I really think the information given by the Acting Minister of Finance (Mr. Robb) is incorrect—and that is that out of a total of 3,000 odd cases of arrears, some 50 per cent—I think he said more than 50 per cent—related to the earlier years, the years 1920 and 1921. I particularly want information upon that point, because, if that is true, it shows a tremendous neglect on the part of the department if things have been standing since 1920 in connection with a tax that ought to be paid concurrently. I am quite frank in saying that I think my hon. friend is wrong.

Mr. ROBB: I have the memoranda. I do not know on what they were based. I said this:

It is noted that the total number of firms in arrears is stated to be 3,170. A large number, probably 50 per cent, was arrears under the 1921 act—

Not the year 1921—the 1921 act, which only expired on the 31st December, 1923.

Sir HENRY DRAYTON: I think the 1921 act was changed by an act of 1922.

Mr. BUREAU: Yes.

Sir HENRY DRAYTON: It would not be fair to look on the 1921 act as running down to 1923. It was changed in the first budget of the present Minister of Finance (Mr. Fielding).

Mr. BUREAU: It is correct that the 1921 act was changed in 1922 and collected in 1923.

Sir HENRY DRAYTON: I think the minister will find that that return is incorrect. The thing is not as bad as it looks.

Mr. ROBB: It was in connection with taxes running up to the 31st December, 1923. I had forgotten that the act was changed in 1922.

Mr. BUREAU: My hon. friend knows as well as I do that the minister does not carry all these things in his head. He could not keep them in his brief bag. My hon. friend knows that each branch has a chief who looks particularly after the work of his branch. I will take my hon. friend's words as they appear on Hansard, and if there is any mistake we will correct it. I do not believe any of us in this House are infallible, and there may be a mistake or a misunderstanding of the question that was put. I want to give the correct information to the House. We have nothing to hide, and what we have done we have done to the best of our ability and we are proud of it.

Sir HENRY DRAYTON: I think we should advertise that effort of my hon. friend. What we ought to do is to move for a committee to get the information, because that is so much at variance with what every single man in business is saying about the matter.

Mr. BUREAU: Every single man in business seems to be satisfied and there are fewer complaints to-day about the collection of taxes than there were ever before. As evidence of that, I will bring as witnesses every member of the staff of the Customs and Excise Department to prove that the commercial people are more satisfied to-day than they ever were before.

Sir HENRY DRAYTON: That would be a fine array.

Progress reported.

At six o'clock the House adjourned, without question being put, pursuant to rule.

[Sir Henry Drayton.]

Thursday, June 5, 1924

The House met at three o'clock.

BANKING AND COMMERCE COMMITTEE

Mr. THOMAS VIEN (Lotbiniere): I move that the select standing committee on Banking and Commerce be instructed to lay on the Table of the House as an appendix to their sixth report, the minutes and proceedings of all their sittings during the present session prior to the adoption of the said report.

Motion agreed to.

PRIVATE BILL

FIRST READING

Bill No. 165 (from the Senate), for the relief of Dorothy Marie Robinson.—Mr. Harris.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BRITISH COLUMBIA FISHERIES OFFICE

Hon. Mr. STEVENS:

1. Having reference to Return No. 266, calling for all correspondence in reference to the removal of the fisheries office from Vancouver, did the Superintendent of Fisheries, Mr. Found, receive a report from Mr. Motherwell, fisheries official at Vancouver?

2. Did the fisheries superintendent or Department of Fisheries receive extensive correspondence having vital bearing on the proposed closing of this office?

3. Did any of the officials of the department, or the Minister of Marine and Fisheries, receive correspondence from firms engaged in the canning industry, or from organizations representing the fishing industry?

4. Did the Minister of Marine and Fisheries, or officers of his department, receive letters from the hon. member for Skeena or the hon. member for Chilliwack, regarding the closing of this office?

5. Did the Minister of Marine and Fisheries, or an official of his department, receive representations verbally from the member from Skeena dealing with the matter and urging the closing of same?

6. If so, what was the purport of said verbal representations and did he support or oppose removal of said office?

7. What was the reason for not replying to the motion of the House on May 19th for full return of the complete correspondence and was any of the above mentioned correspondence marked "confidential," and if so, what?

Hon. Mr. CARDIN:

1. Communications relative to the closing of the Fisheries office at Vancouver were received by Mr. Found from Mr. Motherwell as follows: (a) March 21 last, forwarding clipping from Vancouver Sun; (b) March 26, forwarding clipping from the Cowichan Leader; (c) March 27, forwarding clipping from the Victoria Times; (d) March 28, forwarding clippings from the Victoria Colonist and Vancouver Sun; (e) March 29, forwarding clipping from the Vancouver Evening Sun; (f) March 31, forwarding clipping from the Vancouver Province; (g) April 5, forwarding clipping from the Vancouver Province; (h) April 9, forwarding clipping from the Vancouver Sun; (i) April 8, forwarding clipping from the Vancouver Evening Sun; (j) May 14, forwarding clippings from the New Westminister British Columbia and the Province; (k) May 19, forwarding clipping from the Province; (l) May 13, enclosing what purported to be copies of private letters alleged to have been written and received by Inspector Halladay of New Westminster, which he states were delivered to him anonymously; (m) May 16, enclosing a further instalment of correspondence referred to in (l); (n) May 19, enclosing a further instalment of correspondence referred to in (l) and (m); (o) May 16, forwarding a clipping from the British Columbian stating that the office of Inspector Halladay of New Westminster had been entered during his absence and certain private correspondence taken.

2. Yes.

3. Yes.

4. No.

5. The member for Skeena communicated verbally to the Minister of Marine and Fisheries the substance of that portion of his speech in parliament dealing with the matter.

6. See Hansard of March 6 last.

7. Reason for not replying fully to the motion of the 19th May in the first instance was that the greater part of the correspondence had not been properly filed. The whole of the correspondence has now been produced.

CANADIAN NATIONAL RAILWAYS—ROLLING STOCK

Mr. CAMPBELL:

1. What quantity of rolling stock, equipment and material was imported by the Canadian National Railways for its use during 1922 and 1923, and what was the amount of duty paid?

2. What (approximate) percentage of the total purchases of rolling stock, equipment and material respectively was imported?

Hon. Mr. GRAHAM: Mr. Speaker, in reply to the first part of this question, there was no rolling stock imported. With reference to the last part, some working equipment not made in Canada was imported, but to get the information asked would require the examination of innumerable accounts running back into the old Grand Trunk days, because the Grand Trunk was not amalgamated with the Canadian National Railways until early in 1923. Perhaps my hon. friend would see his way clear to accept that answer. It is the only answer I have at the present time.

Mr. CAMPBELL: That will be quite satisfactory, Mr. Speaker.

CANADIAN NATIONAL RAILWAYS—SHIP-BUILDING

Mr. EVANS:

1. Has the government under consideration the building of any additional mercantile ships?

2. If so, is it intended to build one at Prince Rupert?

3. What would be the cost of building at Prince Rupert as compared with the purchase price of a ship of equal value built in Great Britain?

Hon. Mr. GRAHAM: I understand the Canadian National Railway Company has been considering the advisability of having a ship constructed for their Pacific business. The government has not under consideration the purchase of any addition to its mercantile marine.

QUESTION PASSED AS ORDER FOR RETURN

VANCOUVER HARBOUR

Mr. BLACK (Yukon):

1. What contracts have been let by the Vancouver harbour commissioners for harbour improvements since January 1st, 1922?

2. To whom have such contracts been let?
3. What is the nature of the work, and the amount of contract in each case?
4. Were such contracts let by public tender?
5. Who tendered in each case and what was the amount of each tender?
6. Was call for tenders advertised in the press, and if so, in what papers and for what period did said advertisements appear?

CANADIAN NATIONAL RAILWAYS—SHIPBUILDING

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I wish to refer to the minister's answer to question No. 17, relating to the building of any additional mercantile ships. All these questions are of some interest to every one. The minister omitted to say whether it was intended to build the ship at Prince Rupert.

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): I cannot give any positive assurance as to that. My information is that the intention is to build this ship at Prince Rupert, if possible, which I believe it to be.

Mr. MEIGHEN: It could be, all right. But, having regard to the third question, what would be the cost?

Mr. GRAHAM: I have not that information at all. No contract has been given, I am told, or anything of that kind, and I have not the figures.

Mr. MEIGHEN: Will the minister say that they seriously think of building the ship at Prince Rupert?

Mr. GRAHAM: I have given the House all the information I have. The matter has been discussed.

PACIFIC GREAT EASTERN RAILWAY

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I desire to ask three questions of the government, or rather of the Minister of Railways, based upon a newspaper report which I have before me, but which it will not be necessary to read. Has the government under consideration the granting of a subsidy for the extension of the Edmonton and Dunvegan line down to Prince George, to the Pacific Great Eastern Railway?

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): No. The subject of railway development in that part of the country is one of very great moment, but the government has taken the attitude, against great pressure, that it should not proceed with any work in the Peace river district until it has full knowledge of all the circumstances. I have not heard of a subsidy being granted to the railway my hon. friend has mentioned.

Mr. MEIGHEN: I know it has not been granted, it could not be granted except by this parliament. I asked if it was under consideration by the government.

Mr. GRAHAM: I gave my answer directly on that point without any equivocation.

Mr. MEIGHEN: Does the same answer apply to the question of taking over, under any terms whatever, the Pacific Great Eastern?

Mr. GRAHAM: That is not under practical consideration at the present time.

BRITISH COLUMBIA FISHERIES OFFICE

On the Order for the House to go into Committee of Supply:

Hon. H. H. STEVENS (Vancouver Centre): May I, Mr. Speaker, bring up a certain matter on the orders of the day?

Mr. SPEAKER: Yes, by leave of the House.

Mr. STEVENS: I now have in my hand support for the contention I made a few days ago with respect to a certain return. A week or ten days ago I drew attention to the very meagre response to a return under an order of the House in which only one letter was handed to me. I then placed a question on the order paper in regard to it and the answer given by the government was that correspondence the mere list of which occupies a sheet of foolscap had been received. Yet only one letter was included in the return. I merely bring this to the attention of the Prime Minister to show that I was not complaining without very good reason.

Mr. MACKENZIE KING: To what subject does the return relate?

Mr. STEVENS: The closing of the fisheries office in Vancouver. In the return asked for only one letter was brought down, from my colleague the member for New Westminster (Mr. McQuarrie). I pointed out about ten days ago that the return was incomplete and I sent it back to the government for reconsideration. I then asked a series of ques-

tions with reference to this return and the reply from the Minister of Marine (Mr. Cardin) was that a list of communications had been received. The point I am now making is that these returns ought to be complete and accurate. In addition to the second complaint I made only the day before yesterday, I would ask that this return should be completed in accordance with the answers that I have received on the subject.

Hon. P. J. A. CARDIN (Minister of Marine): I think the complaint of my hon. friend is not well founded. When he inquired about the incompleteness of the return I told him it was due to an error in the classification of the documents, and I think he should have been satisfied with that answer. I may say that the documents necesary to complete the return have been placed in the hands of the Secretary of State and will be brought down to-morrow.

Mr. STEVENS: The situation is now satisfactory. But what I am pointing out is that when we make these motions and the House orders the returns we are entitled to receive what we ask for without having to make these complaints.

Mr. MACKENZIE KING: My hon. friend is quite right.

Mr. SPEAKER: The incident is closed.

FURTHER LEGISLATION

Mr. MEIGHEN: Before you leave the chair, Mr. Speaker, may I ask what further measures the government intend to bring down this session?

Mr. MACKENZIE KING: I should prefer to answer my right hon. friend's question to-morrow.

SUPPLY

CUSTOMS AND EXCISE

The House in committee of Supply, Mr. Gordon in the chair.

Customs and Excise—salaries, $585,755; contingencies, $48,000.

The CHAIRMAN: There was an amendment to this item.

Mr. BUREAU: The amendment was carried. The item itself has not yet been carried.

Mr. CHURCH: I wish to draw the attention of the minister to the large number of men in this service who are in receipt of very small salaries, the minimum amount being under $1.200. I am speaking particularly of the men in the customs service in the city of Toronto. In view of the very large contribution, amounting to about 60 millions of dollars per annum which the port of Toronto contributes towards customs revenues, surely the men in the service there are entitled to greater consideration than they now receive. A large number of these men are returned soldiers and married, who have been in the service for years, and yet they are paid such a small amount as $1,200 a year. Surely the important work which these men are doing entitles them to receive a better salary than that. Officials in the provincial and municipal service who are doing work of a similar nature to that of these federal officials are much better paid. I earnestly hope that the minister will be able to give these poorly paid and highly deserving men a better salary than they now enjoy.

Hon. JACQUES BUREAU (Minister of Customs): The question of salaries is now before the Civil Service Commission for revision. I might tell my hon. friend that ever since I have been Minister of Customs I have tried to improve the status of these low-salaried men. For example I have endeavoured to obtain for them the same advantage that is enjoyed by officials in receipt of higher salaries, namely, that they should get an increase of $120 a year instead of merely $60. I was influenced in that course by the fact that the post office officials were getting that treatment on the ground that they were brought more closely into contact with the public than the officers of other departments. I have always maintained that there should be no difference in this respect between the officers of the Post Office Department and the Customs, and that the employees of both departments who are in receipt of similar salaries should get the yearly increase of $120. I hope that when the matter comes before the Civil Service Commission I shall be able to impress them with the fact that they ought to make the $120 increase per year applicable to the customs officials, to the lower paid customs officials, the same as in the department of the postal service.

Mr. MEIGHEN: If the minister thinks there is a discrimination in favour of the postal employees, why has the government submitted the question in regard to the postal employees' claim first for consideration?

Mr. BUREAU: They were the first to raise the question and ask for the increase.

Mr. MEIGHEN: The minister was a little slow in not bringing his much-injured employees before the commission first, when they were treated worse than the postal employees.

Mr. BUREAU: Two years ago the deputy minister, myself, and the officers of the department went before the commission and endeavoured to impress upon them the fact that they ought to make the recommendation that the customs officials should get the $120 increase. We did not make any public demonstration, but I thought the case was good enough to stand on its merits, and that it deserved the consideration of the Civil Service Commission when presented by the officers of the department and myself.

Mr. MEIGHEN: In what form was the post office case presented? I understand it was presented by an order in council from the entire government—a special reference.

Mr. BUREAU: It was presented along with the others. I do not know the form it took; but, as far as the Customs department is concerned, I can give my hon. friend an answer. During the last two years the commissioner, the assistant commissioner and myself went to the Civil Service Commission in order to have this matter arranged.

Mr. MEIGHEN: And how is the case of the post office officials now? I understand it is dancing around between the commission and some board, deputy ministers and so forth, that it is a matter of backing and filling, and that there is no result. What is the reason there is no result in that case? Is the minister to wait until all these convolutions are completed in the case of the post office employees before doing anything?

Mr. BUREAU: My case stands on its merits. I have nothing to do with the post office. I put my case before the commission, and am still pressing it, and will continue to press it until I bring it to a favourable issue.

Mr. MEIGHEN: I do not like the continual blaming of the commission.

Mr. BUREAU: I am not doing that.

Mr. MEIGHEN: Inferentially that is the attitude of one minister after another. They would be great men if it were not for that commission. I draw to their attention the fact that in the United States they have by statute increased the salaries this year over the whole range, although they have a commission. If this government really believes what it is talking about, that the commission is obstinate to-day, and if the ministers desire to be extremely generous, and if they would pay everybody well but for the commission, why do they not do as the United States government did, namely come down here with a statute that would represent their views and discharge their responsibility, instead of shunting it all the time on somebody else?

Mr. BUREAU: This is not a question of increase, if you will permit me,—it is in one way, because it is a statutory increase. The law provides that officers within a certain range of salary shall get an increase of $60 a year. That refers to the lower-class officials, and I want them to get the $120 increase.

Mr. MEIGHEN: I expect it is the case of every minister wanting something for his own, that is quite natural; but no matter what the fact is, if the government is wanting this change or that change, all they have to do is come down and do it, if they think they are not getting fair play. Why should they always be loading it on to the commission?

Mr. BUREAU: We are not doing that. We are following the ordinary process.

Mr. MEIGHEN: That post office increase was referred to the commission, and it has never got back yet—at least we have had no report in regard to it. If the government believes it has a good case, and that it is not receiving right treatment from the commission, and if the minister believes that, let him come down and place his case in the form of a statute, as was done in the United States this year.

Mr. GOOD: How does the minister justify the increase of salary of the Commissioner of Customs and Excise from $6,000 to $8,000? This will be found on page 83.

Mr. BUREAU: Last year the salaries of deputy ministers were increased from $6,000 to $8,000. That increase was given to those who had been ten years in the position—not ten years in the service. I am sorry the commissioner is here, because I would like to say a few things to the House about him. If I had my own way I would pay him $12,000, and I think I would be under-paying him then, because I think he does more for the country and more in the interests of all concerned in this country than a great many men who are receiving a bigger salary. The reason is that the government thought there would be an increase for the deputy min-

isters. Last year the Commissioner of Customs, not having been commissioner for ten years—but having been in the service forty-two years—did not qualify, under a technicality. We thought it was an injustice to the commissioner, and that the injustice should be removed, and that he should be put on the same basis as the others. I think time in the service should count, as well as time in the office. That is the reason of the increase this year.

Sir HENRY DRAYTON: I rise to support the minister in this particular instance. I always support him when he is right, and I wish I could do so oftener.

Mr. BUREAU: My hon. friend should get up every time I speak, because I am always right.

Sir HENRY DRAYTON: Last year I objected to the manner in which increases were being made. They were not made having regard to merit, but having regard to length of tenure of office. One of the objections I took to the general increase last year, which I think was given at the wrong time, was that the Commissioner of Customs was not included in the increase. When others were getting it, he certainly should have got it.

Item as amended agreed to.

Customs and Excise—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, $5,720,710.

Sir HENRY DRAYTON: How much of this is for salaries and how much for contingencies?

Mr. BUREAU: The estimated salaries for the full year for the various provinces are $4,918,110, and the rest of the item is contingencies. My hon. friend can subtract one from the other.

Sir HENRY DRAYTON: What is covered under the heading "Contingencies."

Mr. BUREAU: That covers what I call the overhead, outside of salaries—administration of the office, light, rent, postage, express, telegrams, telephones, also to pay for overtime services of certain officers who have to work after regular hours.

Mr. CHURCH: Part of this item relates to temporary buildings and rentals. In this connection, what has been done to provide customs facilities for the port of Toronto from which the government is collecting between $55,000,000 and $60,000,000 a year? We have a number of old rented buildings there and there is a great waste of money and time. A proper customs building should be erected for this important city. We are using the old station, the new union station, a large property out Wellington street, the old post office, the new post office and many other makeshift places. I understand the minister has been most active in this connection and is desirous of doing something for this particular port. Some years ago land was bought for the extension of the custom house, and during the war the old custom house on Front street was torn down. A large piece of property on the south side of Front street was bought from the city of Toronto at considerable cost, this lot to be used for the erection of a bigger and more convenient place where the citizens of Toronto could go and pay the 19¼ per cent which they pay of the whole amount of excise and customs duties collected in Canada. Those who have any business to do in the custom house—wholesale men, retail men,—are battered from pillar to post with consequent loss of their time, loss of time of the staff, loss of money and many other inconveniences. From the day the old customs building was torn down to this not a dollar has ever been voted by this parliament to provide Toronto with a proper custom house. The old building which was torn down was suitable for a port with a population of only 50,000 people. Three quarters of a million people in Toronto are making use of the customs offices, and without proper transportation facilities they have to go across a territory covering between twelve and fourteen miles. When you compare the facilities provided by the late government with those provided by the present government as regards the port of Toronto, according to the venerable Globe, enough has been said to show that federal governments, whatever their complexion, not only treat Toronto as a milch cow, but refuse to provide even a stable in which to milk her,—and Toronto is becoming very impatient. The board of trade, the municipal government, the ratepayers' association, the trades and labour council and the people generally who are doing business, complain that hour after hour and day after day are wasted in trying to find just the place in which to transact business. If a merchant has some goods coming through the customs, it takes him the best part of a day to find out what building the goods are in before he can get them out. While the minister is in charge of one of the most efficient governmental departments as regards the officials and the rank and file, the buildings are not suitable,

they are ramshackle buildings and they do not conform with the municipal bylaws. The revenue collected at Toronto increases in an average by three to three and one-half million dollars ever year. We had a promise last year, and one the year before; we had a promise for about five or six years by the Union government that something was going to be done to give Toronto proper custom facilities.

The postal receipts amount to nearly $6,000,000 a year and yet Toronto cannot get a suitable post office. We have a post office that was built when Toronto had a population of 50,000 people, and now the population is about 750,000 people. If the government is getting all this revenue out of the city of Toronto, surely it would be good business to put up proper buildings. We have a very active minister and I do not like to raise difficulties, because my wish is that he get through his estimates quickly. But I hope something will be done by the government and especially the Acting Minister of Finance (Mr. Robb) to remedy this grievous situation in which Toronto is placed.

Mr. BUREAU: It was not necessary for my hon. friend to express the wish he did towards me to gain my sympathy for a custom house at Toronto. I agree with what he says and if they will delegate to me the power and authority to build the custom house, it will be built very quickly. The facilities in Toronto, I admit, are not adequate. The old custom house was torn down —I do not know what for. Part of the back of the old custom house is used now as an examining warehouse and you have to go to another place if you want to visit the long room. I certainly am in favour of putting up a proper building in Toronto, because Toronto deserves it on account of, not only the amount of revenue that is collected in that city, but its importance and also the service it ought to receive. I do not think it is fair for any minister or any chief of staff or inspector of a department to require full efficiency from his staff if they have not the proper quarters to work in. Not only are the public inconvenienced in Toronto by the fact that we have to trot to the station to the old custom house, and then to buildings on Wellington street and some other streets in order to get things through, but the officers are also inconvenienced because they have not the proper quarters to work in. Toronto is not the only place that is in this situation. Montreal has not proper custom house accommodation. An examining warehouse was built. The foundation was put down for a long room; the foundations are there going to waste, and the examining warehouse is being used as a long room. Another place that needs better accommodation, a place that the leader of the opposition (Mr. Meighen) must know something about, is Winnipeg. I think the Winnipeg custom house is not a fit place to put men to work in. There is no custom house in which so many applications on account of sickness are reported as Winnipeg. And this is not surprising. I have been through that custom house; it is not properly ventilated, and is not a place where men can work efficiently. As regards the construction of good buildings, especially for custom houses —and I think the Customs department and the custom houses ought to get some consideration—I may say to my colleague the Minister of Public Works (Mr. King): After all, we give you the revenue we collect from the whole country and the people who are engaged in that work have not the most pleasant job of all. We all know what it is to ask a man for money or to take money out of a man. The smile is longer and broader when you open a letter with a cheque in it than when you open one enclosing a bill. That is human nature, and you cannot change it. Those men are working under a constant strain, and he who pays always believes that he is paying too much, especially in connection with taxes. When you buy a cigar and pay for it, that is not as big a sacrifice as giving a dime or a dollar for something you do not see and you do not know what you are getting for your money. As regards municipal taxes, there is some relief. You say: We have good fire protection, good police protection, good light, good water, good pavements on our streets, but the result of the federal tax you do not see. Interest on your debt must be paid. We have to collect the tax and people do not feel quite so willing to pay it as they do when they are called upon to pay other taxes. However, we are bound to make these collections, and those who are charged with this duty should be housed in proper quarters; and the public who pay the taxes should also have decent buildings in which to transact business. As an hon. member has said, it takes a good part of a day to hunt up the different offices; and while those who are constantly dealing with the Customs department such as brokers, who are conversant with the topography of the place, are able to find their way about, this is not the case with strangers. The first time I went to Toronto on business with the department I was at a loss to locate the dif-

ferent branches, so that I know what inconvenience the general public have to put up with. I am in complete sympathy with hon. gentlemen in this matter, and if the Minister of Public Works will back me up I am even willing to recommend that something be brought down in the supplementary estimates to meet the situation.

Mr. HOCKEN: Cannot the Minister of Finance help you?

Mr. BUREAU: I would rather tackle the Minister of Public Works; he is easier. Perhaps the two of us might get after the Minister of Finance. I agree that the present quarters are inadequate.

Mr. MACLEAN (York): In Toronto not only is there a lack of proper accommodation for the Customs department, but there is in that city lying idle a railway station which cost a great deal of money. That building has been out of use now for three or four years and may continue unoccupied for as long a period again. If the minister would urge his colleague the Minister of Railways (Mr. Graham) to do something towards straightening out matters in Toronto the two railways could be asked to get together and find a solution for the situation. If proper steps were taken the entire public of Toronto could be better accommodated not only in connection with the buildings of the Customs department but also in regard to railway accommodation. The railway situation in Toronto is one of the biggest questions at the present time, and the whole matter has been held up indefinitely owing to some misunderstanding between the Dominion government and the city. I see no reason why it should not be settled, and I appeal to the government now to take some steps in the matter.

Mr. BUREAU: Is the hon. member suggesting that we should use the station as it stands now for a long room, and the basement as an examining warehouse?

Mr. MACLEAN (York): What I am urging the government to do is to settle the railway problem in Toronto which has been in abeyance for ten years. That station has been idle for a considerable time now, and I am advising the government to take up all these questions together, with a view to providing proper accommodation for the people of Toronto not only in regard to the buildings that are necessary for the Customs department but also in connection with the station. I wish the Prime Minister (Mr. Mackenzie King) were here himself; I would press upon him as the head of the government the importance of getting settled this condition of congestion in connection with the National Railways, the Canadian Pacific Railway and these various offices.

Mr. SPENCE: I do not want to repeat anything that has been already said but I hope that the minister realizes the great inconvenience to which the people are put in Toronto by the lack of proper accomodation in the Customs department. We appreciate the kind words the minister has to say for Toronto, but we have been hearing this sort of thing now for some three years. Let me ask the minister pointedly, has he made any demand on the Public Works department for adequate accommodation? Let him get down to cold facts.

Mr. BUREAU: I have repeatedly made such a demand; every trip I have made to Toronto has served to impress me with the necessity for proper accommodation there, and I have never come back without emphasizing that necessity.

Mr. SPENCE: All I can say is, then, that the minister ought to have more influence with his colleague who is in charge of the Public Works department. It is the duty of the Minister of Customs (Mr. Bureau) to see that the city of Toronto is supplied with the necessary buildings to accommodate the public, and we look to him to have this done.

Mr. BOYS: Could the Minister of Public Works be induced to say a word or two on this occasion?

Mr. KING (Kootenay): I shall be glad to do so. It is well known that Toronto requires new buildings; in fact, this has been known for some time, even before this government came into power. But it is also well known that there has been practically no construction of public buildings in Canada since the early part of the war, so that there is a great shortage of accommodation in the various services throughout the whole country. Up to the present time the government has not seen fit, nor indeed has it been possible, to undertake any large construction programme. I am not sure that it is the wish of parliament that such a programme should be undertaken. I remember very well the debate that took place a few weeks ago in regard to the construction of this building; at that time there was evident an opinion that this national edifice should not be completed, but that further construction should be delayed for five years. I have been in

Toronto, in Montreal and in other centres in Canada, and I know that there is need of construction work to be done; at Winnipeg, I may remark, I was impressed with that necessity. We fully appreciate the desirability and the necessity for improved facilities in these places in order that the various departments may carry on comfortably. But the matter is more than a mere question as between the Minister of Public Works and any other individual minister; it is a matter that affects the whole people of Canada, a matter of taxation.

Mr. HARRIS: Do I understand the Minister of Public Works to say that no public buildings are being put up at the present time?

Mr. KING (Kootenay): I did not say that.

Mr. HARRIS: Is there not a post office being built at Sackville, New Brunswick?

Mr. KING (Kootenay): A very small building.

Mr. HARRIS: And another one at Kamloops?

Mr. KING (Kootenay): I believe so.

Sir HENRY DRAYTON: I am sorry that the Minister of Public Works (Mr. King, Kootenay) seeks to compare the expenditure of further moneys on this building, which I should have thought was good enough for any of us to do business in as we have it now, with the expenditure of money in connection with what is undoubtedly an absolute necessity. There is no parallel whatever between the two cases, and my hon. friend is hard put to it when he tries to draw such a comparison. There can be no parallel between building an ornamental tower and constructing a commercial building which will facilitate the business of the country; there is no comparison between expenditures for ornamental lighting in this building and expenditures on public works which are long overdue. I will ask the Minister of Public Works to be kind enough to tell us what amounts are now paid in Toronto for accommodation which the minister himself admits is absolutely necessary, the present condition according to him being entirely unsatisfactory.

Mr. KING (Kootenay): I shall be glad to give that information when that particular matter in the estimates of my department is under discussion. Of course, I have not the information before me now.

[Mr. J. H. King.]

Sir HENRY DRAYTON: It is a large sum of money in any case, as I think the minister will admit; and if it were capitalized it would secure a building the revenue from which would look after the debt. In other words the country would really be at no extra expense whatever.

Mr. MACLEAN (York): It could be made an investment.

Sir HENRY DRAYTON: Yes, I hope the Minister of Public Works will give us that information later on. In the meantime we note that the Minister of Customs has made his demand for this accommodation. I should like to ascertain from him what sort of building he demanded and where, in his opinion, it ought to be erected. He might also tell us the size together with other details so that we may know just what the business of the city actually requires in this regard.

Mr. CHURCH: Is the Minister of Public Works aware that there is a breach of agreement on the part of the government in this matter? In 1916 the city of Toronto sold to the government at reduced cost a large tract of land on the south side of Front street west. The old customs building was torn down and the government was able to purchase this land next door to it which for commercial purposes would have brought at a sale now $375,000, was sold to the government for $100,000. The government profited to the extent of $275,000 on the strength of an agreement with the city, which the Minister of Customs of that day made with them, that the construction of the building would be begun at once and be completed in a couple of years. Mr. Forman acted for the city as assessment commissioner, and as I say, this land was sold for $275,000 less than it would have brought on a commercial basis. This was done to get a modern custom house and so save the inconvenience which the business men of the city were labouring under at that time in trying to do business in the old building. The Minister of Customs (Mr. Bureau) has done his best, and I am glad to give him credit. There is no use referring the matter to the Minister of Public Works (Mr. King) —he will probably be telling us to go to Sir Henry Thornton, president of the National Railways and get him to buy another hotel for a custom house. The present building on Wellington street is entirely inadequate; the public have to line up at the wicket and waste a lot of time before getting their business attended to. The government gets $60,-

000,000 revenue out of Toronto, and it is not fair to the public, nor to the Minister of Customs nor the public who pay, that the present inconvenience should be allowed to continue. This is a self-sustaining public utility—not only self-sustaining, it yields a handsome profit to the government. I do urge that something should be done without further delay. If any business man had a profit from customers of sixty millions a year, he would get an up-to-date plant to transact his business—it is good business to keep a plant up to date. The National Railways is another public utitity—it can get millions from parliament for new rolling stock, betterments, equipment and new plant; it is not self-sustaining. Here is a plant at the port of Toronto that is self-sustaining, yet it can get no money for betterments. Why the difference when they are both public utilities? As far as I am concerned, I should like to see the estimates pass right away, but I think Toronto is entitled to some consideration.

Mr. BUREAU: My hon. friend has asked me if we have taken any steps towards the erection of a new building, and what kind of building we have in mind. When I came into office I was presented with a plan which, I was advised, had been prepared before the old building was torn down. It was a plan of a business building, a building with no frills on it, but designed for business purposes and to afford comfort both to the public and the employees. It was to be erected on the old location on Front street between Yonge and Bay. The site had been already purchased, had it not?

Sir HENRY DRAYTON: Yes.

Mr. BUREAU: I would not have any objection to the plan. It may be ahead of the present requirements, but Toronto is growing and the building would not be too big a few years hence.

Sir HENRY DRAYTON: The department, I understand, are already in possession of prepared plans, which they are satisfied with? And they have the land?

Mr. BUREAU: But they lack the money.

Sir HENRY DRAYTON: What is the present estimated cost?

Mr. BUREAU: I could not tell my hon. friend. The estimates are made by the Department of Public Works, and the plans are submitted to us by that department to see if they meet the requirements of the office. After examining the plans with the officers who are familiar with these requirements, I agreed with them that they were very good plans. I did not make any inquiry as to the cost.

Sir HENRY DRAYTON: The Minister of Public Works is here. Perhaps he will bring down in connection with this vote the estimate of what it would cost to erect the building, plans for which apparently have been approved now by two administrations, and which may be gone on with to-morrow morning if he puts in his estimates.

Mr. HOCKEN: Mr. Chairman, the amount of money which is now being paid in rentals for the accommodation of the Customs department in Toronto is equivalent to interest on almost $1,000,000. Would the building which it is proposed to construct under the plans which have been prepared and approved cost that much?

Mr. KING (Kootenay): Speaking offhand, I would say yes. I will bring down definite information in a few days.

Mr. HOCKEN: If we are paying rentals equal to the carrying charges of a new building, and suffering all the inconveniences consequent upon the business of the department being transacted in several offices on different streets of the city, surely it is a wise thing for the government to provide
4 p.m. proper accommodation, and surely every member of the government will support the Minister of Customs to this end. The examining warehouse being found insufficient, another examining warehouse was opened on King street about three-quarters of a mile away, while other buildings on another street are required for the general work of the office and the accommodation of the clerks. I cannot imagine anything more calculated to produce inefficiency than the situation of the Customs department in Toronto, and I join my colleagues from that city in urging upon the Minister of Public Works and the government to regard this matter from a straight business standpoint and try to get efficiency for the department—the largest collecting department of the Dominion—and to bear in mind that it will not cost any more to put up a new building than it is costing every year to maintain the three or four buildings at present rented by the department.

Mr. CAMPBELL: On April 6, 1922, the hon. member for Qu'Appelle (Mr. Millar) asked the Minister of Customs some questions regarding the Saskatchewan export liquor

houses. I will read first a question asked by the right hon. leader of the opposition (Mr. Meighen):

Is it not a fact that the licenses were granted under the approval of the attorney general of the province?

The minister answered:

That has been and still is the policy of the department. We do not grant any licenses unless we get the approval of the attorney general attached to the petition for the license; at the same time we have the designation of the warehouse by him.

In view of the fact that the correctness of this statement has been questioned in the province of Saskatchewan, has the minister had any reason since to change his mind regarding what he then said?

Mr. BUREAU: I should like to see the question.

Mr. CAMPBELL: The minister's statement is: "That has been and still is the policy of the department."

Mr. BUREAU: To get the consent of those in authority administering the Liquor Act in 1922?

Mr. CAMPBELL: Yes.

Mr. BUREAU: Yes.

Mr. CAMPBELL: Do I understand that the minister's statement still stands?

Mr. BUREAU: I would say yes, if I made it, it must have been right for I got the information from the officers of the department. And it is right.

Mr. CAMPBELL: The attorney general—

The CHAIRMAN: I am inclined to question whether the discussion which the hon. member is introducing is in order.

Mr. BUREAU: It is just as well to deal with it now.

The CHAIRMAN: Very well.

Mr. CAMPBELL: The Attorney General of Saskatchewan, speaking at Milestone on October 26 last, made the following statement:

The Attorney General of this province, and remember I am the Attorney General, never gave any consent to the establishment of any bonded warehouses or liquor export houses.

It is apparent, Mr. Chairman, that one of these statements is incorrect, and I would like to find out which is correct.

Mr. BUREAU: I did not expect that we would go back to the conditions that existed in 1922 when I came here to-day. If the Attorney General of the province of Saskatchewan says that he never gave his consent to the establishment of any bonded warehouses, there may not have been any bonded warehouses established since he became attorney general. That is one thing I would like to know, just when this happened. The main question is, have I given any license without the consent of the attorney general? To answer that I would have to have the date when the license for a bonded warehouse was granted. If I have issued a license since the attorney general has been in office, without his consent, the statement ought to be made. The Attorney General of Saskatchewan may say that he never gave his consent; I may say that I never granted a license, and we may both be in the right.

Mr. CAMPBELL: That is still rather indefinite. The minister refers simply to bonded warehouses. The attorney general refers also to liquor export warehouses.

Mr. BUREAU: There is no such thing as a liquor export warehouse, so far as the Dominion government is concerned; there may be for the provinces, but not for the Dominion.

Mr. CAMPBELL: Do I understand the minister to say that there is some doubt as to whether any of these bonded warehouses were established without the consent of the Attorney General of Saskatchewan?

Mr. BUREAU: There might have been. My hon. friend cannot expect me to carry in my head every license or permit that has been granted. I do not say no; there may have been some errors committed; there always are. But to put me in a proper position to answer, the statement ought to be made that at such and such a date the permit was issued by the Minister of Customs, that at that time Mr. Cross was attorney general, and that Mr. Cross was never asked for his consent, or anybody else having charge of the liquor license regulations in that province. There may have been; I do not deny it; if my hon. friend wants to give me time I will look it up, and will give him the facts.

Mr. STEVENS: Will my hon. friend just at that point tell me in regard to the number of export warehouses located at Vancouver? For instance, did the department in granting a license to the Consolidated Liquor Export Company, or whatever part it is the department plays in the matter, secure the consent and authority of the Attorney General of British Columbia?

Mr. BUREAU: There was some misunderstanding about that last year between the Attorney General of British Columbia and

the Minister of Customs. I took as a new license what was really a transfer, and it was so mentioned, I think, in the return. When I went to British Columbia last summer I saw Mr. Manson and I admitted the mistake. Instead of it being a new license to which he had assented, it was a transfer that was made from one company to the other, but it was the same bonded warehouse.

Mr. STEVENS: But it was not granted in opposition to the attorney general?

Mr. BUREAU: I do not think I consulted him at all.

Mr. MANION: Under this item, I presume, comes the censoring of books entering this country. I would like to ask the minister if he does the censoring, or if it is done by a board. How is the scheme worked out?

Mr. BUREAU: I am afraid I would not be a proper person for the position, because I believe in every man deciding for himself what books he wants to read, and in every father looking after his children and preventing them from reading what he does not want them to read. But that is only my personal opinion, and I am not here as Jacques Bureau but as the Minister of Customs. There has been in the past in the department a gentleman—I would not call him a censor—who has had charge of reading books that were complained of as detrimental to good morals. This gentleman passes upon these books. I was very careful, so as not to be subjected to any criticism, to see that the gentleman should not be a Frenchman or a Roman Catholic; I want to be candid about that. This gentleman is highly educated; he was born and educated in England. He was in the Press Gallery for a long while, and was connected with one of the largest papers in Toronto, the Mail and Empire. He is, I am told, a highly cultured man. His report on these books is made to the commissioner, and the commissioner either concurs in his report or disagrees with it, and with the confidence I have in the commissioner, so far I have always concurred in his concurrence. I suppose my hon. friend has in mind the Mary Stopes' works that were censored?

Mr. MANION: I was not thinking of any particular books, but how the system was worked generally.

Mr. BUREAU: It has been done by this gentleman whom I spoke of, who belongs to the Anglican church, was raised in England, has a university education, is highly cultured, and is supposed to be a broad-minded man.

Mr. HOCKEN: Is he still in the Press Gallery?

Mr. BUREAU: He was taken out of the Press Gallery by the Hon. J. D. Reid when he became Minister of Customs and put into the department. He was recommended to me as a highly cultured man, and I thought he would be the proper man to continue the work he was doing. I never changed him.

Mr. LADNER: This item covers the salaries and contingent expenses of the several ports in the Dominion, including pay for overtime. Would the minister be good enough to explain how much of this sum is for overtime, and what proportion of that is due to overtime spent on the sales tax regulations?

Mr. BUREAU: None of that overtime is spent on sales tax regulations. It is overtime spent for the accommodation of the travelling public. It is to pay the officers who work overtime in examining baggage, automobiles, and so forth. Supposing people desire to travel on the Pacific highway at night; it would not be fair to keep an officer there all night examining baggage and checking up automobiles without paying him overtime. It is done for the conveience of the travelling public.

Mr. LADNER: Then we may take it that no part of this overtime is spent on sales tax regulations?

Mr. BUREAU: None of the clerks who work in the office in any capacity are paid overtime. This is overtime that is worked by officers to accommodate the travelling public in examining baggage and checking vehicles that come across the border.

Mr. CHAPLIN: I understand that a regulation was made some time ago by the department respecting whiffletrees and doubletrees on wagons. I understand that that regulation declared that these particular parts of wagons were not to be considered as parts thereof. A regulation went through to that effect. Now, it seems the customs regulation has been changed and importers of whiffletrees and doubletrees are allowed to import these as parts of wagons. I should like to know from the minister how it happens that one regulation declares that whiffletrees and doubletrees are not parts of wagons, and the other one declares that they are?

Mr. BUREAU: Would my hon. friend give me the number of the regulation to which he refers; I have so many of them here that it is difficult to turn up a particular regulation without some mark of identity. Can my hon. friend give me the date of the regulation?

Mr. CHAPLIN: I have not got the date.

Mr. BUREAU: Or the number?

Mr. CHAPLIN: I have a copy of a letter from the department regarding the matter. That may help.

Mr. BUREAU: I will look the regulation up—it would occupy too long to try and find it now—and give my hon. friend an answer later. The commissioner is here and he has taken note of the matter. If a mistake has been made we must correct it.

Mr. CHAPLIN: I do not say there is a mistake. There is a regulation construed in a certain way that establishes a certain rule and then it is altered for particular people. The people in the business say this contradiction makes the regulation unworkable. The manufacturer does not object to the regulation so long as it is construed in the one way, but they point out the impossibility of complying with a regulation which has two constructions.

Mr. BUREAU: It is certainly not a fair statement to say that we are altering the regulation for certain people. I do not think the Department of Customs merits such an accusation, or any of the officers either. Does this refer to the sales tax or to customs duty?

Mr. CHAPLIN: It refers to the regulation dealing with whiffletrees and doubletrees. First of all it is held that these are a part of a wagon and then the regulation is made, as I understand it, that they are not to be so considered. The trade is first of all notified that these are not to be considered part of a wagon then a change is made and the importer is allowed to bring them in as wagon parts. That is the point I am making.

Mr. BUREAU: That would not be a regulation; that must be an interpretation by the collector or one of the appraisers or officers at the port who receives these articles. That would not be a subject for regulation. In the first place legislation is passed and when it has gone into effect an appraiser or an officer at one port may give it an interpretation entirely different from that of an officer or appraiser at another port. My hon. friend believes that in this case the proper interpretation has not been given. Very well, I will look into the matter. I cannot say offhand at what port this interpretation was given. Can my hon. friend say what port it was?

Mr. CHAPLIN: I think his officers will tell the minister that what I say is absolutely correct—that first of all a regulation was made—

[Mr. Bureau.]

Mr. BUREAU: Oh, no, that would not be a regulation.

Mr. CHAPLIN: Well, the department must make regulations defining what are parts of a certain machine. They must make those regulations because they are not provided for in the act.

Mr. BUREAU: These are rulings made by the appraisers and by the board of customs.

Mr. CHAPLIN: Very well, "rulings". I may have used the wrong word.

Mr. BUREAU: The wrong word often creates a wrong impression so far as the administration of the department is concerned.

Mr. CHAPLIN: The facts are just as I have related them to the minister. Under the rulings these articles were first of all not allowed in as parts of a wagon. Now I understand that when the manufacturer brings them in they will be so allowed. There cannot be two rulings on this matter: one or the other must prevail.

Mr. McBRIDE: Possibly I can throw some light on the question. When I brought wagons in without whiffltrees or neckyokes they were of less value and the customs duty was less. On the other hand when the wagons were imported with whiffletrees and neckyokes the value was greater and the amount of duty corresponded to the value. In other words the duty was levied on the value of the goods imported.

Mr. BUREAU: My hon. friend (Mr. Chaplin) claims that rulings were given by the department. Well, the ruling emanates from the minister. I should like to have a chance to look into this matter and if my hon. friend will give me the concrete facts I can ascertain whether the action to which he refers was taken by an officer in this particular port or otherwise. I asked the commissioner and other officials about this, and they have absolutely no recollection of it. Personally I have no recollection of having signed any such ruling. It must have been an interpretation given by one of the appraisers or officers at the port. If my hon. friend will give me the concrete facts privately I will look into the matter and give him an explanation.

Mr. CHAPLIN: That is quite satisfactory.

Mr. EVANS: I wish to protest against the increase in this vote. Here is an item that is increasing in amount year by year. Notwithstanding the fact that the government has gone at least a small step in the direction of free trade the vote for our pre-

ventive service this year is materially increased. It seems that we keep a little army of inspectors in foreign countries who demand to see the books of manufacturers there, and adopt other vexatious measures, under the impression that they are falsifying their invoices. I know of one exporter who came all the way to Canada from Europe to find out why his invoices would not be accepted by the Canadian customs authorities as they are in other countries to which he sends his goods. I think we are carrying this kind of thing to an uncalled for and unreasonable extent, and many of these inspectors employed on this work in foreign countries might just as well be recalled. Owing to these unreasonable and vexatious restrictions we are becoming a byword among the trading nations of the world. When our manufacturers complain that they cannot get rid of their goods it is possibly due to the atmosphere of suspicion which our actions have created in outside countries.

Mr. BUREAU: Do I understand my hon. friend's remarks to apply to the preventive service as a whole, or to the investigators of values that have been stationed in various countries.

Mr. EVANS: Particularly the investigators of values.

Mr. BUREAU: I think these officers are a necessity. It is all very well for my hon. friend to say that we ought to take the prices at the figures mentioned in the invoice, but let me say that we very seldom find cases where the figures on the invoice presented to the purchaser are not from 35 to 50 per cent higher than the figures in the invoice presented to the customs authorities. I do not think that is fair because the revenue of the country suffers. Putting to one side the question of the interests of the manufacturers I do not consider that to be a very proper proceeding.

Mr. EVANS: Will the minister say that is really the case?

Mr. BUREAU: It has been the case and it still is. That is the reason we have to adopt protective measures in the interest of the revenue. In the United States the face value of the goods is not accepted. Over there they go to greater length than we do. We investigate and we say "if you are not dumping here well and good." But the United States reserve to itself the right to put an appraisement on the goods. They not only ascertain the cost but they fix their own appraisement. It they choose to price the goods at 100 per cent more, they do it and it stands. I think the investigation of values that we are making is a measure of protection, not in the sense of protection to the manufacturer but a protection to the revenue. Suppose there is an invoice relating to an importation of silk or other material from the United States or Japan and the quantity is given as 500 yards worth fifty cents a yard; when you go to the purchaser you find there are 1,500 yards worth $1.75. The revenue is being cheated out of so much, and that is the reason that we have a suspicion as to the good faith of those who are shipping, or as to the truthfulness of the figures on the invoice or manifest. We have investigators of value to make reports and the people who have imported are penalized according to the Customs Act.

Mr. GOULD: It is quite evident from the minister's remarks that the United States authorities exercise the same precautions in regard to the manufacturers of Canada. Could the minister inform the House whether that is a practice adopted by Canadian manufacturers when they export to the United States.

Mr. BUREAU: Does my hon. friend ask me if the United States have the same privilege of investigating values here as we have of investigating over there? My answer is yes.

Mr. GOULD: Has the minister evidence to prove that the Canadian manufacturers ship to the United States on the basis of which he complains—that is with a reduced price on the manifest?

Mr. BUREAU: We have no control of that. The exports go out, and it is up to the United States to protect themselves. If the United States do not look after the invoices of their shippers, it is up to the country that receives the goods and that is deprived of the money by the change in the figures to look after it. Of course the reports are made and if the United States want to investigate whether they are right or not, it is not our business.

Mr. GOULD: I quite understand the minister's reply. This is quite important from my point of view. If the United States considers it necessary to have these officials to look after the invoices or the manifests sent there from Canada, we are right in assuming that the Canadian manufacturers are guilty of the same practices which we claim other exporting countries outside of Canada have been

guilty of, and that is the reason our department has officers to look after these matters. The minister says that exporters from Canada have been guilty of the same practice.

Mr. BUREAU: We do not know.

Mr. GOULD: We are right in assuming that, from the fact that the United States have these officers to look over the manifests. It is the same old human nature. We are not a bit better than anybody else.

Mr. BUREAU: If I should carry a revolver it would not mean that every man I meet on the street is a murderer. It is a question of self-protection. If our manufacturers are guilty of this practice, of course it is up to the United States to protect themselves, and they will do the same as we are doing. I do not think they are any better or any worse in the United States than we are.

Mr. HOCKEN: Before asking the minister for a few details, I would like to direct the attention of the House to the statement made by the hon. member for Assiniboia (Mr. Gould), that because it has been found that American manufacturers are dishonest—

Mr. BUREAU: We do not say they are dishonest. The manufacturer is not always the shipper.

Mr. HOCKEN: Well, the shipper. My hon. friend tries on that basis to accuse the manufacturers of Canada of being dishonest—

Mr. BUREAU: I do not do that at all.

Mr. HOCKEN: I think it is the most far-fetched argument I have ever heard.

Mr. BUREAU: I did not say that.

Mr. HOCKEN: I am speaking of the hon. member for Assiniboia. The minister says we must examine these invoices to see that they are honest, and that they represent no less than the value. Upon that basis, my hon. friend from Assiniboia (Mr. Gould) tries to get the minister to say that Canadian shippers and Canadian manufacturers send invoices into the States that do not represent the real value. I want to draw attention to that statement to show the absolute antipathy to and hatred of the Canadian manufacturer exhibited by my hon. friend from Assiniboia, and I think it is a most extraordinary thing to be said in the House of Commons.

Mr. GOULD: Will the hon. member produce evidence to show that such is not the case?

Mr. WARD: I would like to ask the hon. member a question.

[Mr. Gould.]

Mr. HOCKEN: Not now. I am engaged in something else. I would like to know if the minister has the details of the revenue and expenditure of the different outports. Will the minister give me the revenue for St. Peters, Nova Scotia?

Mr. BUREAU: I have not the report of that. I have the report giving Winnipeg, Montreal, Toronto, Quebec, Hamilton and so on.

Mr. HOCKEN: My hon. friend cannot supply me with any information about the outports?

Mr. BUREAU: Which one does my hon. friend want to know about?

Mr. HOCKEN: St. Peters, Nova Scotia.

Mr. BUREAU: No.

Mr. HOCKEN: Campbellton, Nova Scotia.

Mr. HUGHES: Campbellton is in New Brunswick.

Mr. BUREAU: I have only the reports from the large centres, but I can get the information. What does my hon. friend want to know?

Mr. HOCKEN: I would like to have got the information from the minister, but I have it in his report. I want to point out the large number of outports of customs service where there is no revenue at all, and very substantial payments in salaries or upkeep, and to ask if he does not think economies should be put into effect at these points. If he will look over his report he will find there is a revenue at St. Peters, Nova Scotia, of $439.48, and if he will search the expenditure upon that outport he will find it amounts to $1,427, nearly $1,000 more than the total amount collected. If he will look at New Campbellton he will find there is no revenue at all, and that there is $1,330.47 of expenditure upon that outport. If he will refer to Hampton, Nova Scotia, he will find there is no revenue but an expenditure of $250. The position is practically the same at Cape George, where there is no revenue but an expenditure of $200. At Whitehaven, Nova Scotia, there is $535 expenditure and no revenue. As a matter of fact, there are 37 different places in Nova Scotia where there is no revenue at all, and yet at all these places there is considerable expenditure. There are 28 places in Quebec where there is no revenue, but expenditures run all the way from $100 up to $899. Why should the country spend $900 on an outport where there is not one dollar of revenue? Why should it spend $1,427 at an outport where there is $439 of

revenue. Why should there be 37 different outports in Nova Scotia with no revenue, and an expenditure of about $25,000? This condition exists in all the provinces of Canada. I am not picking out Nova Scotia particularly, except it was the first on the report. It runs through all the provinces of Canada.

Mr. BUREAU: And rightly so.

Mr. HOCKEN: Will the minister tell us how we can justify expenditures of that kind where there is no revenue whatever?

Mr. BUREAU: I will tell my hon. friend. In the first place he must realize that there are not only ports where you obtain revenue, but there are ports where you do not get any revenue, but by means of which you send revenue to the other ports. That is the preventive service. You never know what you gain by the preventive service, because you are preventing smuggling. An ounce of prevention is worth a pound of cure. If these ports were open smuggling would go on galore. Even with that $25,000 of expenditure, I am satisfied that we are bringing in, in proportion to the amount spent, just as much money as is brought in by the port of Toronto or the port of Montreal. That is to prevent smuggling and bootlegging and to see that people who are bringing goods in from the outside pay the duty on them. It has never been criticised and it is a necessity in this country. We have a large country; we have an extensive coast line on both the Atlantic and the Pacific, and everybody knows that a great deal of bootlegging or liquor smuggling and other smuggling is going on, not only by sea, but by land. Ministers of the gospel, men in high civic rank, mayors of municipalities, are weekly, if not daily, after me to put more men in those ports in order to prevent bootlegging and smuggling. My hon. friend need not be scandalized. If we do away with those men and stop that expenditure of $25,000 or $30,000, which he says we are spending for nothing, millions of dollars will not come into the treasury because goods will be smuggled in without paying any duty at all. They are used as clearing houses for statistical purposes and for knowing exactly what ships contain. A preventive service is necessary in a country like this where we have a long coast line and where we are having a great deal of trouble inland also. In the newspapers every day there are accounts of cigarette smuggling, liquor smuggling. It may surprise my hon. friends if I tell them that spirits are coming into Canada from the United States, silk and other things are also coming in. If we did not have the preventive service, we could not collect anything at all, and we might just as well shut up other customs ports. The only people who would be paying duty would be the people of high standing, like big firms with a high reputation. They would lose their trade, because the small man with a small schooner or a Ford car would bring in foreign goods without paying the duty, and he would get the business. The reason for these ports is to prevent smuggling and to protect the revenue.

Mr. HOCKEN: Does that apply to New Liskeard where there is no revenue?

Mr. BUREAU: At New Liskeard we have excise taxes to collect and the officer there collects them. In the north part of the country we are told that a great deal of moonshining, illicit distilling is going on and we were asked to put an officer there. For the protection of the revenue and of the morals of the country, we put an officer there.

Mr. HOCKEN: Does the minister say that it is necessary to have a customs house at Port Credit, another ten miles away, at Streetsville, and a third ten miles farther away at Brampton? Is it necessary to have customs ports every ten miles?

Mr. BUREAU: As I did not originate those customs houses, and as I thought there was enough wisdom in my predecessors to know what they were doing, I kept them.

Mr. ANDERSON: I would draw the attention of the Minister of Customs to the fact that there is no customs house at Milton.

Mr. BOYS: I do not think the minister has explained how much of this increase is due to increased number of employees, how much to increased salaries and how much to increased business. If this is due to increased business, one can well understand it, but if it is not due to that, how can it be justified in view of the desire for economy?

Mr. BUREAU: In 1924-25, the amount is $7,262,009 and in 1923-24, $7,180,129 an increase of $81,880. The estimates of the item of salaries and contingent expenses of the several ports in the Dominion were: in 1924-25, $5,720,710; and in 1923-24, $5,581,800, or an increase of $138,910. The increase is made up as follows:

Statutory increases, $107,340.

That we cannot help.

Net additions to the staff, 44 officers, $48,600.

The decreased cost by promotions, that is a man leaving the top-notch of salary and

the fellow succeeding him taking the smaller salary, amounts to $17,030, making an increase of $31,570, plus the statutory increase of $107,340, or a total increase of $138,910. There is really $31,570 of an increase due to the 44 officers.

Mr. BOYS: Will the minister explain where those officers are located and the necessity for their appointment.

Mr. BUREAU: The additional officers attached to the ports are as follows:

Decrease	Increase	
	1	Customs Excise Enforcement Officer at West Arichat under survey of Arichat—New office opened.
	1	Customs Excise Enforcement Officer at Ecum Secum under survey of Canso—New office opened.
	1	Watchman at the port of Halifax for greater protection of quantity of liquors held under seizure, etc.
1	..	Senior Customs Excise Clerk at Halifax vice T. C. James formerly Collector of Inland Revenue.
1	..	Customs Excise Examiner at New Glasgow vice A. A. Clay, retired. Position discontinued.
	1	Clerk-Stenographer at Fredericton due to increased work.
	1	Customs Appraiser (Divisional) at Montreal, to take charge of the division formerly supervised by the Chief Appraiser who is now assigned to supervising work in all appraising divisions.
	1	Customs Excise Clerk at Quebec as a Relieving Officer.
	1	Principal Clerk at Quebec in charge of Sales Tax work.
	1	Engineer Small power boat at Magdalen Islands under Quebec for service on the boat Alva and May.
	1	Master Small power boat at Magdalen Islands under Quebec for service on the boat Alva and May.
	1	Sub-Collector at Hebertville under Quebec—New outport.
	1	Customs Excise Clerk at St. Hyacinthe due to increased work at the distillery.
	2	Customs Excise Examiners at Lacolle under St. John's due to increased tourist traffic.
	1	Customs Excise Clerk at Three Rivers due to increased work.
	2	Customs Excise Examiners at Belleville due to increased work at the distillery.
	1	Customs Appraiser at Bridgeburg for proper appraisal of imported goods.
	1	Customs Excise Examiner at Bridgeburg due to increased work.
	1	Customs Excise Examiner at Cobourg due to increased work—Tourist traffic.
	1	Customs Excise Examiner at Gananoque due to increased work—Tourist traffic.
	2	Customs Excise Clerks $960 and,
	1	Customs Excise Examiner $1,080, at Kitchener due to increased work.
	1	Customs Excise Examiner at Niagara Falls due to increased work—Tourist traffic.
	1	Customs Excise Clerk at North Bay.
	1	Surveyor at Port of Ottawa account regarding of port.
	1	Customs Excise Examiner at Pembroke under survey of Ottawa, owing to increased work.
	1	Customs Excise Clerk at Sault Ste Marie due to increased work.
	1	Customs Excise Examiner at St. Mary's under survey of Stratford owing to increased work.
	1	Chief Customs Appraiser at Toronto.
	1	Customs Appraiser at Toronto.
2	..	Vacant position Customs Excise Examiners at Toronto.
	5	Customs Excise Examiners and,
	2	Customs Excise Clerks at Windsor owing to increased work.
	1	Customs Excise Clerk and,
	2	Customs Excise Examiners at Walkerville owing to increased work.
	1	Chief Customs Appraiser at Winnipeg.
1	..	Customs Excise Examiner at Winnipeg.
1	..	Customs Excise Examiner vacant at Lethbridge discontinued.
	1	Customs Excise Examiner at Bridesville under survey of Greenwood owing to increased work.
	1	Customs Excise Examiner at Pacific Highway under New Westminster owing to increased work—Tourist traffic.
	1	Customs Truckman.
	3	Customs Excise Examiners.
	1	Customs Excise Clerk at Vancouver owing to increased work.
	1	Customs Truckman at Victoria.
6	50	
	6	Less deductions.
	44	

As regards the sub-collector at Hebertville, that sub-collector was appointed to take care of the large quantity of imports made by the people who are developing the Grande Decharge power. They were bringing in stuff by the carload and it was costing them a great deal of delay to stop at Quebec. They made an application for an officer there and their request was granted.

Sir HENRY DRAYTON: That would be a temporary office?

Mr. BUREAU: While the construction work was going on. There would be no use for it afterwards. As regards the customs and excise clerk at Three Rivers, the hon. member (Sir Henry Drayton) need not smile. There ought to be two, but I cut the number down to one because I was afraid of hon. members' criticism.

Sir HENRY DRAYTON: Surely the appointment of an additional customs excise clerk at St. Hyacinthe due to increased work at the distillery cannot be right.

Mr. BUREAU: The consumption seems to go on although the revenue seems to decrease in proportion to what we think is being consumed.

Mr. HARRIS: I gathered from the minister that the consumption of certain beverages was increasing and the revenue decreasing.

Mr. BUREAU: In proportion to the consumption.

Mr. HARRIS: What steps is the minister taking to see that the department gets the revenue on the liquor that is consumed in Canada? Before he answers I want to amplify this point with two or three more questions which the minister will be able to answer together. Undoubtedly at the present time very large quantities of liquor are being exported from this country in bond to such countries as Newfoundland, Bermuda, Cuba, Mexico and South America, and some of the steamers that take these cargoes from such places as Belleville are said to return within a very short time—anywhere from 24 hours to 3 days—for the purpose of taking on another load before proceeding to their destination. The minister shakes his head.

Mr. BUREAU: Yes, negatively.

Mr. HARRIS: Does the minister receive landing certificates for all goods that are shipped in bond to these countries? If he does, will he assure the committee that these certificates are bona fide? Will he also tell us whether or not the government of Canada has so far received any representations from the government of Cuba or the government of Mexico to the effect that these landing certificates are as a matter of fact not bona fide? Further, will the minister give the committee some information as to the amount of money, not hundreds of thousands of dollars but probably millions, lost each year to the Inland Revenue department by reason of the fact that liquor which is supposed to be shipped out of the country in bond is not really so shipped, and the department takes no steps to see that the money which is due on the liquor is collected? A good deal of this liquor is consumed in Canada to-day; and while I have no complaint on that score —I rather wish them luck who want to have it—the fact undoubtedly is that a good deal of money is lost to the Inland Revenue department owing to the fact that these goods, which it is understood are to be exported in bond, are not shipped out and no collection is made of what is due the department.

Mr. BUREAU: I was not through reading the list but I will answer my hon. friend. He wants to know in the first place whether we get a landing certificate every time liquor is shipped in bond, and whether we have had any representations from any foreign governments, particularly Mexico and Cuba. To the first question I answer, yes; the collector of customs never releases a bond unless he gets a landing certificate from the proper customs officer of the place to which the liquor is destined. Some of these certificates have been questioned, and upon their being sent to the department for investigation they were found to be genuine. Some of them even bore the stamp of the British vice-consul of the particular place to which the liquor was shipped. We have had no representations from any government, Mexican or Cuban; but the consuls have requested that their certificates be attached to the invoice, and I felt that the Customs department should not interfere with the freedom of the people to trade without being under the necessity of having the consul either in Cuba or in Mexico put his certificate to the invoice. The third question my hon. friend has asked relates to the alleged loss of millions of dollars to the revenue of Canada through the practice of steamers, which have already cleared with a cargo, coming back for a fresh supply the next day.

Mr. HARRIS: Not necessarily the next day.

Mr. BUREAU: Well, the day after; let us make it a week. The instructions of the officers are never to clear a vessel for any port until the man who clears it is satisfied that she can make the trip under her own power and that she is fully equipped and manned for that purpose. All liquor which is being cleared from the various distilleries is duty paid, and the excise department has not lost a single penny on liquor shipped overseas.

Mr. HARRIS: The experience of the department, I take it, is that most of the liquor is shipped overseas. Does the minister call Mexico overseas?

Mr. BUREAU: Yes.

Mr. HARRIS: And Cuba?

Mr. BUREAU: We have not had any shipments in bond to Mexico from Belleville; there have been such shipments from Vancouver.

Mr. HARRIS: How many shipments were made during the year 1923 to Vera Cruz, Mexico?

Mr. BUREAU: I could not tell my hon. friend.

Mr. HARRIS: Will the minister get that information?

Mr. BUREAU: I shall have to write to Vancouver for it.

Mr. HARRIS: Would not the landing certificates, presented when the bonds were cancelled, give the information?

Mr. BUREAU: This particular question would come under the collector of the port concerned and I suppose I can get the documents if my hon. friend wants to examine them. The bond is released when the collector is satisfied that the landing certificate is in proper order.

Mr. BOYS: I notice that in a number of cases the minister referred to tourist traffic. I can quite understand there would be some necessity for the services of extra men during June, July and August, and possibly September, but it is hard to figure out why the necessity should continue for the rest of the year. What are these extra officers doing the balance of the year, the tourist business being confined at the outside to five months?

Mr. BUREAU: The great increase is on the Pacific highway, and at Windsor and Niagara Falls, and the traffic lasts the year around. The only place where there is any lessening of the traffic is at Rouse's Point, and there the extra men are stationed only during the summer.

Mr. BOYS: I recall the minister mentioned, among other places, Gananoque, Cobourg and, I think, Kingston, and the reason assigned for the creation of those new appointments was the tourist business. I appreciate the necessity for engaging these men during the tourist season, but what will they do during the balance of the year? Are they appointed merely for the tourist season and then relieved of office?

Mr. BUREAU: It was represented to the department that the work was increasing and an additional officer was required,—not only for the tourist traffic; there is a lot of work for him to do when the tourist season ends, and he remains in the office to perform that work.

Mr. BOYS: If that be so the reason assigned by the minister was not accurate.

[Mr. Bureau.]

Mr. BUREAU: It was not altogether the tourist business.

Mr. BOYS: That is the only reason the minister gave in a number of cases.

Mr. HARRIS: I want to follow up the point I raised a moment or two ago. I understood the minister to say that when a carrier had a vessel which was properly manned to carry liquor overseas he was permitted to leave the port with his cargo in bond. Now, on goods consigned, for instance, from Corbyville for transport across lake Ontario to the United States for shipment in bond to Key West, Florida, and then to Cuba, would the officials of the department feel that that lake boat was sufficiently manned for the cargo to go overseas?

Mr. BUREAU: When the liquor goes from Corbyville or Belleville it is duty paid, the department loses no revenue.

Mr. HARRIS: When the landing certificate is presented to the department there is a drawback for the duty paid?

Mr. BUREAU: There is no landing certificate. When the duty is paid they can do what they please with the cargo.

Mr. HARRIS: On goods shipped to Cuba?

Mr. BUREAU: They are not shipped from Corbyville to Cuba or Mexico: we do not issue any clearances for such shipments.

Mr. HARRIS: You do not issue any clearances from Corbyville or any other place to Cuba or Mexico?

Mr. BUREAU: No.

Mr. HARRIS: Do I understand the minister to say that no goods are shipped overseas in bond from any lake Ontario points?

Mr. BUREAU: By water?

Mr. HARRIS: By water and rail?

Mr. BUREAU: By water and rail there may be, yes.

Mr. HARRIS: Ars such boats manned sufficiently to carry their cargo to rail head?

Mr. BUREAU: That is a matter for the discretion of the officer of the port. His instructions are not to issue clearances to any boat which in his judgment is not able to carry the cargo to the point of destination.

5 p.m.

Mr. HARRIS: If the point of destination is to rail head on the other side of the lake, then if the boat is considered adequately manned to carry the cargo there, that is sufficient?

Mr. BUREAU: Does my hon. friend say that a boat with a cargo destined to a port in the United States, which cargo is to be carried across the United States—

Mr. HARRIS: In bond.

Mr. BUREAU: We issue no clearance for any liquor which is to be carried over American territory. Those are the instructions issued to the officers of the department. I do not say that that has not been done; I do not want to be responsible for the five thousand officers between the Atlantic and the Pacific; but those are their instructions.

Mr. HARRIS: I see the "Belle River" member here (Mr. Healy) Perhaps the minister can tell us what quantity of liquor was exported overseas from the port of Belle River?

Mr. BUREAU: None in bond.

Mr. HARRIS: Would the minister say that the United States is overseas in like manner as is Mexico?

Mr. BUREAU: I would not call Detroit from Windsor overseas. There have been no shipments in bond from Belle River.

Mr. HEALY: There have not been any shipments from Belle River.

Mr. BUREAU: In bond.

Mr. HEALY: Or out of bond.

Mr. BOYS: I do not think it would be suggested that there are shipments of any description either in or out of Belle River so far as the port itself is concerned.

Mr. HARRIS: Will the minister tell us what quantity of liquor is shipped, say, from Corbyville for overseas?

An hon. MEMBER: And from Toronto?

Mr. HARRIS: Yes, perhaps from Toronto too. I am not raising this question out of any objection to a man consuming his quart of whisky when he feels so disposed, but because I feel I have pretty good grounds for believing that the government is losing many hundreds of thousands of dollars in revenue due to the fact that these goods are going out of the country without any excise being paid.

Mr. BUREAU: Mr. Chairman, I am sorry to take issue with my friend. When liquor goes out of a distillery, either at Corbyville or anywhere else, unless, as I said, it is shipped overseas, every cent of duty that is due on it is paid to the government, and the government is not losing a single, solitary penny.

Mr. HARRIS: I appreciate that point, but I am talking entirely of liquor that is presumed to go overseas.

Mr. BUREAU: Those go in bond, and the bond is released when we get the foreign customs certificate, and if we do not get it they pay double duty. So we are not losers.

Mr. HARRIS: I am sorry to press this question.

Mr. BUREAU: Not at all. Go to it; it is a good subject anyway.

Mr. HARRIS: It is not as dry as some, I will admit that. The minister rather intimated to the House that the department had received no representations whatsoever from any other government with regard to these landing certificates which were surrendered. In view of the fact that his department has not received any representations will he tell me whether the government has received any; the Secretary of State, for instance?

Mr BUREAU: I suppose they would come through the Secretary of State for External Affairs to us. If any representations have been sent we have not received them yet.

Mr. HARRIS: Would not representations on a matter of such grave importance be communicated to the minister by the Secretary of State?

Mr. BUREAU: They would come to us through the Secretary of State for External Affairs.

Mr. HARRIS: Perhaps the minister would permit the Secretary of State to give us a loquacious answer.

Mr. COPP: The representations would come through the Secretary of State for External Affairs, not through my department.

Mr. HARRIS: Will the minister say that there will be an opportunity to discuss this question when the Secretary of State for External Affairs is in the House?

Mr. BUREAU: We never got any representations.

Mr. HARRIS:: I appreciate the tenacity with which the minister sticks to his answer.

Mr. BUREAU: There is no such thing as too much tenacity to truth. It is veracity I stick to.

Mr. HARRIS: I would like to know definitely that the commissioner's mind is just as clear as the minister's on that particular point.

Mr. GOULD: Reverting again to the question I raised when the impatience of the hon. member for East York caused him to intervene, I would like to know what principle guides our appraisers at ports of entry in setting valuations for customs purposes. Are they guided by the price of the article in the country of origin, or do they set a valuation of their own?

Mr. BUREAU: There are different degrees. If a man complains that the appraisal made is a wrong one and allows the goods to come in here at a cheaper price than the home consumption price in the country of origin, we get our investigators busy. The ordinary appraisal at the port is made by the appraiser upon his own knowledge of the quality and value of the goods. We are supposed to have men there who are supposed to know something about the goods they are valuing. If it is hardware, we take a hardware man; if it is shoes, we take a man who knows leather, and he values the goods from his own knowledge of them.

Mr. GOULD: It is quite easy for the appraiser at the port of entry to ascertain the value of the goods in the country of origin, but is that the governing factor when the appraiser sets the price? Does the department ever check up the valuations made by these appraisers without complaints being made by the importer or purchaser?

Mr. BUREAU: When no complaints are made we assume that the appraisal made is a proper one. The appraisal is made on the basis that the price of the imported goods shall not be less, except for this five per cent, than the home consumption price at which the goods are sold in the country of origin in the ordinary course of business, at the time the goods are imported.

Mr. EVANS: I do not think the minister has answered the question of my hon. friend (Mr. Gould) yet, for I have evidence to show that a price is placed on goods entered for customs purposes irrespective altogether of the price paid in the regular way in the country of origin, and if there is any difference between them the Dumping Act is applied. Mr. Sealy of Hamilton, the other day imported coke from Detroit, bought in Detroit in the ordinary course of trade at $6.50 per ton, and the customs officer was instructed to levy $1 per ton of dumping duty on that coke because the price was less than $7.50 per ton in Detroit. Other cases of that sort have come to my knowledge, and I do know that an arbitrary value is placed on goods by our own customs appraisers, irrespective of the price paid in the ordinary course of trade in the country of origin.

Mr. BUREAU: My hon. friend submits an exception, and wants me to give a general ruling on that. Exceptional cases will arise. Sometimes goods are thrown on the American market at a lower price than the cost of production. Now in interpreting the law, I do not call that the price paid in the ordinary course of business. It is a price set in an emergency, to get rid of surplus production, and if the Americans choose to throw coke or any other product on their own market at a ridiculous price, and then take advantage of that to export it to Canada, we will not tolerate that because it is an exceptional price, not the price that obtains in the ordinary course of business. My hon. friend has put an exceptional case, and he cannot expect me to give a general ruling or to state a general policy with regard to exceptional cases. This coke business has been investigated and still is being investigated. It has been found that these people had an overproduction, and that they were throwing coke on the market at far less than it cost them to produce it. I do not call that a fair value in the ordinary course of business.

Mr. EVANS: Then the minister has power to set aside the provisions of the act and set the price?

Mr. BUREAU: That discretionary power is given to the minister under the act. He has to determine whether the case is an exception or whether the price represents the fair market value in the ordinary course of business. If it is an exception, it is treated as an exception. It is a question of interpretation. I may be wrong; I do not dispute that; but I think I am right, and I am acting on the idea that I am right.

Mr. KELLNER: How many times has the minister levied this dumping duty last year in what he calls exceptional cases?

Mr. BUREAU: That may be a fair question, but my hon. friend cannot expect me to tell him the number of cases.

Mr. KELLNER: I do not mean the details.

Mr. BUREAU: It is done automatically, whenever there are exceptional cases like this, that ought not to be tolerated.

Mr. FORKE: But is it a common occurrence?

Mr. BUREAU: It is not.

Mr. KELLNER: I would submit a case to the minister for his consideration, that of fruit coming in from the United States. Last fall British Columbia apples were selling in the West for about 93 cents a box, and they could be bought in the United States for about 85 cents. For customs entry purposes I understand the department placed a valuation on them of $1.15 a box. Where is the justification for valuing them at $1.15 when they were sold for less than that both in Canada and the United States?

Mr. BUREAU: I got my justification from an American himself, when I was out in British Columbia. He said: "We begin to produce in California, and then we go up to Washington, and then the last stretch is Canada. The pick of the fruit we send to Chicago, New York, Pittsburgh, Philadelphia, and other large cities, where we get big prices. The balance is practically scrap which we can afford to give away, and we send it to Canada." I said: "If that is the way you are going to do it, gentlemen, we will put a stop to it." Unfortunately, climatic conditions are such that we come last, and conditions on the other side are such that they can make their profit on their average sales. As one said to me—I do not know whether I am permitted to say this in the House or not—"I have enough to feed the swine with, so I can throw it into Canada." We do not want such fruit as that to be unduly favoured on entering Canada. We want the Canadian fruit grower to have a chance to grow his fruit and to sell it.

Mr. MORRISON: I object to the minister taking exceptional cases. The case he quoted of an importation of culled fruit from Washington was an exceptional one. The fruit shipped from the western states to western Canada has been first-class, and compares very favourably with our own. I submit that the gentleman whose statement he has quoted did not state the facts.

Mr. BUREAU: I only repeated what he said.

Mr. MORRISON: You quoted an exceptional case.

Mr. BUREAU: I only quoted what I heard from that man.

Mr. MORRISON: I submit he is not correct in his statement.

Mr. BUREAU: If the man made a mistake it is not my fault.

An hon. MEMBER: Would the minister state what the price of the fruit was and what amount was paid in freight?

Mr. BUREAU: No, I am not in the fruit business.

Mr. KELLNER: Would not Canadian fruit growers be in just as advantageous a position in shipping to the United States as fruit growers in the state of Washington are in shipping to Canada?

Mr. BUREAU: In the United States they have a market of 110 millions of people. They produce on a very large scale there and are looking for a market for their surplus.

Mr. KELLNER: I submit that American fruit ought to be allowed to enter western Canada when the local supply is practically off the market. Furthermore, I do not see how you can justify such a valuation for duty as $1.15 when the United States price is 85 cents as compared with the British Columbia price of 93 cents.

Mr. BUREAU: Is that for the same grade?

Mr. KELLNER: Of course you cannot get precisely the same grade as between Canadian and American apples. It was as near the grade as is possible. It was the same grade approximately.

M . BUREAU: The word "approximately" opens the door to quite a big margin.

Mr. KELLNER: You cannot have identically the same grade of apples in Canada as in the United States.

Mr. BUREAU: Why not?

Mr. KELLNER: Because the same grades of apples are not grown in both countries.

Mr. BUREAU: Is not the MacIntosh Red grown in the United States?

Mr. KELLNER: Possibly it may be grown there.

Mr. BUREAU: And also grown in the Okanagan valley?

Mr. KELLNER: It would be more or less a different variety to that grown in Canada.

Mr. BUREAU: Oh, come now.

Mr. KELLNER: Would the minister tell us what he meant when he said a little while ago that the officer of a port might make a

regulation? I take the minister's statement to mean that these port officers are entitled to make regulations which the department do not necessarily need to concur in, is that right?

Mr. BUREAU: No it is not. No port officer has the right to make a regulation; only the minister has the right to do that. In certain cases the officers are called upon to give an interpretation and they do so, but they do not make regulations. The regulations are universal in their character and apply to everybody.

Mr. KELLNER: I have a letter here that was published in the News, of Vernon, B.C., dealing with the importation of bulbs. There are a lot of charges enumerated in the letter and I should like the minister, if he can, to explain them.

Mr. BUREAU: Read it in French and I will tell you.

Mr. KELLNER: Unfortunately I cannot. I will, however, read it in such poor English as I can command. I may also inform the minister that it deals with a different subject. The question of liquor was discussed pretty nearly all the afternoon. After that we dealt with fruit, and now I am going to bring up the question of the cost of importing bulbs.

Mr. BUREAU: I thought you said ginger ale?

Mr. KELLNER: It is a more appropriate subject than ginger ale. The letter is as follows:

The Apotheosis of Protection

Editor Vernon News, Sir:

Yielding to the importunities of a Dutch firm of bulb growers, and fearing to miss the pigeon-English appeal accompanying same, I sent $2.00 for some bulbs and flower seeds.

I received the following billet-doux from the shipping agents at Montreal:

Duty	$1 91
Inward charges	73
Re-shipping	50
Cartage	50
Entry	1 00
Exchange	25
Forms, etc	05
Total	$4 94

I presume that is all that interests the department. And yet the balance is well worth reading:

After paying this modest demand and applying at the local freight office for the parcel, I was informed that the C.P.R. charges for conveying same from Montreal to Vernon were $6.75.

[Mr. Kellner.]

Local bulbous advertisers in The Vernon News will no doubt be tickled to death when they find how substantial a measure of protection they are receiving from the powers-that-be, and how superfluous will in future be the appeal to "Buy in B.C." to yours truly,

AUGUSTINE C. MACKIE.

Coldstream, Vernon, B.C.

Mr. BUREAU: The Customs department is only concerned with one item in the charges my hon. friend has read. The balance is something we have nothing to do with.

Mr. KELLNER: What would be the rate of duty there?

Mr. BUREAU: The rate of duty? We will have to see what it is. This man must have employed a broker, or some such person, to look after his business and that is how all these charges were incurred. If the broker went to the custom house and paid duty, and then re-packed and re-shipped the importation, and had it pass the inspection of the Department of Agriculture that might account for some of the charges but the only item with which we would have to do is the $1.91. The law is there and I must apply it. For that I do not make any apology, but I do not want my hon. friend to charge this department with the cost of all the frills and extras of an importation when the department is not responsible for it.

Mr. KELLNER: I have tried more or less to relieve the minister of responsibility but I think these charges have to do with the Customs department and I think it is a shame that any importer should have to pay them.

Mr. BUREAU: If my hon. friend feels the duty is excessive he will have to move to amend the law.

Mr. McBRIDE: I think if there had been more stringent regulations in the past governing importations of fruit the fruit growers of British Columbia would not have had to spend such enormous sums of money as they have done in spraying their trees in order to control the depredations of orchard pests. Some years ago a consignment of fruit was brought into the province which contained a certain destructive moth and the ravages of that moth were of such a character that they are felt even to-day in the British Columbia orchards. In connection with the fruit to which my hon. friend has referred it could not have been a standard box, it must have been an inferior variety. The lower grade of fruit sold for 75 cents per box whereas the price of the better grades ranges from $1.25 to $1.50 and $2.00.

Mr. SPENCE: There must be a mistake in regard to the importation to which my hon. friend (Mr. Kellner) has referred. I was under the impression that on bulbs there was no duty whatever. However is there any reason why duty should not be paid on importations from Holland? We import from time to time and have to pay duty on nursery stock. Our nursery stock in Canada is certainly entitled to protection. In the case in question if the man wanted to buy $2 worth of bulbs he should have sent the money here and thereby aided the nursery industry at home instead of sending it to Holland.

Mr. COOTE: How do you arrive at the value which you declare on apples coming from the state of Washington or the state of Idaho?

Mr. BUREAU: By investigation by an officer appointed for that purpose.

Mr. COOTE: I apparently misunderstood the minister before. I thought he said that he set the value because of a conversation he had had with some American when he went out to British Columbia last year. When this officer goes over there, on what basis does he set the value? Is it on the cost of production?

Mr. BUREAU: He takes into account all conditions, cost of production and so on. He investigates the whole thing. My hon. friend apparently misunderstood me. I just related the conversation and made no comment. I did not say I believed it. I wanted to show the state of mind of the people over there, and the way they expressed themselves. I did not say that it was the basis for any valuation or any appraisement.

Mr. COOTE: If the minister took it seriously, he must have thought that the apples which came in from the United States were of an inferior quality. He has not yet given the committee any intelligent idea of how this investigating officer arrives at the value which should be placed on these apples.

Mr. BUREAU: I do not know what my hon. friend means by an "intelligent" idea. I said that this man did it. He is supposed to know his business, and he investigates conditions. I suppose he sees how much it costs these people to produce the apples. He looks into the labour conditions, the soil, irrigation—whatever conditions are required to grow apples. I could not give my hon. friend a lecture on the subject, because I know nothing about it. I tasted the apples and they were very good; I was very pleased to have them. But we must give this man credit for using all possible means in his power to satisfy himself as to the value of the apples in Washington. I know that whenever I investigate anything I take every means possible to get down to the facts and draw my conclusions from the facts I have gathered.

Mr. KELLNER: I cannot see how the minister is following that policy when the apples are selling in the United States for 85 cents, and the Canadian price was 93 cents, and when the apples are shipped into Canada, duty is collected on the basis of $1.15.

Mr. BUREAU: Perhaps it is in the same condition as coke, which has been referred to. It way be that the apple growers of the United States have supplied the United States market. They have their money, their overhead and their profit, and they have such a quantity of apples that they can afford to sell them even under the cost of production. Perhaps that is the reason.

Mr. KELLNER: That is putting the matter purely in the hands of the departmental officials, and they can judge these things for themselves.

Mr. BUREAU: For the time being, yes; we have no other way of ascertaining it.

Mr. COOTE: The minister does not really know. It may be this, that or something else. Surely we are entitled to know on what basis or by what method this man sets the value. Is he setting the value at the price the goods are sold at in the United States for home consumption, or is he setting the value on the cost of production in the United States, or on the cost of production in British Columbia, or the cost of production in Ontario? I do not think he has told the committee.

Mr. BUREAU: He is using all the means my hon. friend has mentioned, except the last. He does not take the cost of production in Ontario. He is inquiring into conditions, price of goods, cost of production, cost of irrigation and so on.

Mr. COOTE: Is it the cost of irrigation in the United States, or in Canada?

Mr. BUREAU: If you desire to ascertain the cost of labour in Canada, you do not consider the cost of labour in England. It may be that it will be the cost of labour in Canada or it will be the cost of labour at the place of production.

Mr. COOTE: The apples we are talking about were produced in the United States, and the minister said he sent his officers there to make an investigation.

Mr. BUREAU: Yes. That is the reason we have investigated the value in various countries.

Mr. KELLNER: I think we should have a little more information on this question. The valuation for customs was higher than the price these apples were selling for in either Canada or the United States. I do not see that the cost of production could have been considered at all, unless the apples were being sold at less than the cost of production. If you considered the selling price in any country, you certainly had the valuation for customs too high, because it was higher than the apples sold for in the United States.

Mr. BUREAU: Does the hon. member claim an impossibility—that the goods were sold cheaper than the cost of production?

Mr. COOTE: They might be.

Mr. BUREAU: Yes, they might. It is up to the investigating officer to find out.

Mr. COOTE: Is it the fact that he sets the value at whatever figure he pleases, regardless of the cost of production or anything else.

Mr. BUREAU: I would not admit anything of the kind.

Mr. COOTE: What would the minister admit?

Mr. BUREAU: I admit nothing.

Mr. HARRIS: Let us get back to something more interesting. What is the real objection of the Department of Customs and Excise in Canada to allowing the consulates of the countries to which these goods are being exported in bond to look over the clearance papers?

Mr. BUREAU: I do not know that we have any particular desire to have Mr. Consulate from anywhere go and look into our business; we think we can carry it on ourselves. I do not see why every paper issued in our country should be handed over to the consulate at Washington, or the consulate in Mexico. As a matter of policy I have told the officers not to do it.

Mr. HARRIS: What steps does the department take to see that they get the revenue which rightly belongs to them for the goods which are supposed to be shipped overseas, but which are not as a matter of fact sent overseas?

[Mr. Bureau.]

Mr. BUREAU: That is, assuming that the goods are consigned overseas and landed in Canada?

Mr. HARRIS: Yes.

Mr. BUREAU: These facts are unknown to us. Every time we have asked the people who were alleging such facts to bring down a concrete case so that we can land the offender, they have always fallen short.

Mr. HARRIS: In view of the fact that the consulates of other countries are ready and willing to assist the Department of Customs in Canada, why will not the Dominion of Canada come forward and avail themselves of their assistance?

Mr. BUREAU: My hon. friend is working under a false assumption. It does not assist in any way that they should take an invoice and initial it. If I sent a bill to my client, I would not like to have my neighbour come in and put his name on it. It is my business. My hon. friend would not like to make out a bill and have somebody else from some other country look it over and see what it was and what there was in it. It does not help us a bit.

Mr. HARRIS: It helps to find the offender.

Mr. BUREAU: Is there any offender, if he takes it across?

Mr. HARRIS: If he does not take it across, there is.

Mr. BUREAU: If my hon. friend has a concrete case in mind, let him give it, and I have an officer who will land the offender.

Mr. HARRIS: I cannot use the party's name, but I will inform the minister that certain consulate generals from an outside country were in Ottawa in 1923 and made representations to Sir Joseph Pope in this connection. I happened to be present in Ottawa at the same time and was present when the interview was held with Sir Joseph Pope, and surely some information must have come through to the minister that this practice was going on and that some assistance was being asked. That is from their point of view. It seemed rather impossible to me that Canada should be shipping large quantities of liquor to Cuba and Mexico. When they asked that they have an opportunity of looking over these export entries, they were refused through the Department of Customs.

Mr. BUREAU: Yes.

Mr. HARRIS: In view of the fact that the government are undoubtedly losing hundreds of thousands of dollars—

Mr. BUREAU: I object to that statement. We are not losing hundreds of thousands of dollars as my hon. friend says. In connection with exports from distilleries, we are not losing a penny. The duty is paid.

Mr. HARRIS: On liquor that is being consumed in Canada which was originally supposed to be shipped in bond for export overseas.

Mr. JACOBS: Will the hon. member mention an individual case?

Mr. HARRIS: I just told the committee that I did not have permission to use the name.

Mr. JACOBS: I do not think the hon. member should bring the question up if he can give only half the information. The reason why these consul generals are making representations is because there is a high fee attached to the work. These consul generals —I know something about them—live off people who want to have their signature attached to any document. If you go into a consul general's office, he will charge sometimes $5, $10, or $15, and their object in coming here was to satisfy their own pockets and nothing else. I do not think they were looking after the interest of this country when they came here and suggested that no document should be issued by the department until their signature was attached to it.

Mr. HARRIS: I cannot agree with that at all. I have a perfect right, if I feel there is any revenue which should come to the Customs and Excise department, to get up in this Chamber and say so.

Mr. BUREAU: Absolutely.

Mr. HARRIS: I know that representations have been made and I cannot understand why the Minister of Customs and Excise should say in this House that he knows nothing of any such representations having been made.

Mr. BUREAU: Of revenue being lost?

Mr. HARRIS: That is incidental. I gave the specific case of Vera Cruz landing certificates being surrendered in Canada which were not bona fide.

Mr. BUREAU: The question is: Was the liquor landed back in Canada? That is where we lose revenue. If the liquor is not consumed in Canada, we lose nothing. If my hon. friend has any specific case of liquor being landed back in Canada, I should be glad if he would let me have it.

Mr. HARRIS: I took the minister's word for that. He said that production was increasing and the revenue seemed to be declining.

Mr. BUREAU: That is moonshining; that is not liquor exported in bond and reimported into Canada.

Mr. HARRIS: Yes, and liquor exported in bond that never left the country.

Mr. FORKE: I want to ask the minister a question regarding a ruling of the Customs Tariff Board. A merchant shipping into Canada raisins and dried fruits in cartons, pays for the fruit and the container. When it comes to the customs border, a duty is levied on the total amount. Over and above that the party is called upon to pay a duty of 35 per cent on the carton. He has paid duty on the total cost, because when he buys it from the exporter, he pays for the box as well as for what it contains, and the box is afterwards of no use. That is the ruling of the department. It seems to be unfair and unjust.

Mr. BUREAU: The Board of Customs have ruled that these cartons were not the usual covering and therefore they had to pay the duty on the value of the carton itself.

Mr. FORKE: The duty was paid on the value of the cartons to begin with.

Mr. BUREAU: The value of the carton was paid, not the duty.

Mr. FORKE: Yes. When the purchaser bought the goods from the exporter, he paid so much for a carton of raisins. The price of the container was included in the cost of the goods. Consequently, he paid duty on the total cost of that carton with the raisins.

Mr. BUREAU: The duty on the raisins is a specific duty and the duty on the carton is an ad valorem duty of 35 per cent. The specific duty was paid on the weight of the raisins.

Mr. FORKE: He paid on the value.

Mr. BUREAU: I will not dispute that; but if the officer had been within his duty, the duty charged would have been a specific duty of, I think, three cents a pound on the net weight of the raisins, and then an ad valorem duty of 35 per cent on the value of the carton. I do not think duty was paid on the weight of the container.

Mr. FORKE: I think I shall be able to convince the minister at another time if I have an opportunity, because I have the cus-

toms superintendent's ruling. I think I am right in saying that the merchant pays duty on the value of the box and what is contained in the box.

Mr. BUREAU: I do not want my hon. friend to believe that I am contradicting him. He may have done that. If he has done it, it was done wrongly, because he ought not to have paid duty on the weight of the container. He ought to have paid duty on the net weight of the raisins and then an ad valorem duty on the container. If my hon. friend will bring the case before me, I shall be glad to look into it.

Mr. MORRISON: On April 16, I asked for a copy of all letters and other documents between the federal government and the government of Saskatchewan on the question of licenses for export liquor houses. It took just fifty days for this report to be laid on the Table. It was placed on the Table yesterday and I was in my office reading this report, and I had got about half through it, when I was notified that this discussion was on. This is not giving us a fair opportunity to present our case. As the government surely knows, about June 21 or 23 there is to be a referendum in Saskatchewan in connection with the liquor business, and there has been a controversy between this government and the Saskatchewan government as to who is responsible for the control of those export liquor houses. The reason I asked that this correspondence be placed on the Table was so that we could fix the responsibility. I think this discussion should not be closed to-day in justice to all parties concerned.

Mr. BUREAU: How would that interfere with the election?

Mr. MORRISON: I want to have an opportunity to look through this return. The liquor interests of both governments are passing the buck when we nail them either in this House or in Saskatchewan.

Mr. BUREAU: I do not pass the buck. I hang on to the buck.

Mr. MORRISON: I am going to hang on just now for a minute. I interviewed the minister in his office and told him that we could not get them nailed down either provincially or here. He told me then that he did not pass the buck; but both parties deny the whole responsibility.

Mr. BUREAU: What responsibility? My hon. friend is talking about export bonded warehouses.

[Mr. Forke.]

Mr. MORRISON: Yes. The minister stated two sessions ago that he did not issue a license except on the signed request of the Attorney General of Saskatchewan. During a by-election in my constituency last fall the Attorney General of Saskatchewan denied any responsibility in the matter.

Mr. BUREAU: Were there any licenses issued?

Mr. MORRISON: Yes there have been bonded warehouses there. What I want is the assurance of the minister that we shall have another opportunity to bring this matter up this session.

Mr. BUREAU: Were there any licenses issued for what are commonly called import for export warehouses? Such houses do not exist as a matter of fact, but for the purposes of the discussion we will accept that term. Were any licenses issued for those houses since I became Minister of Customs?

Mr. MORRISON: They are doing business, I know that.

Mr. BUREAU: Have there been any licenses issued for these bonded warehouses since I have been Minister of Customs from January 1, 1922?

Mr. MORRISON: They have been continuing in business.

Mr. BUREAU: The hon. gentleman is not explicit, and I will assume no responsibility for anything but what I myself have done.

Mr. MORRISON: I asked for the correspondence to be laid on the table, and I will make this charge now, that that correspondence has not all been brought down.

Mr. BUREAU: Let us know what is missing.

Mr. MORRISON: I will not. I have already said that it has not all been laid on the Table. I saw a letter written by the Saskatchewan government to the federal government and I can tell the minister that the file does not contain that particular communication. How does he expect me to answer his question when I have not been supplied with the information I have asked for?

Mr. BUREAU: It might be in my private file; I do not know. My hon. friend says that I am passing the buck. Well, I am entitled to know, I want to know, and I ought to know, what licenses I have issued in the province of Saskatchewan for these bonded warehouses of the kind the hon. gentleman speaks of, since I have been Minister of Customs.

Mr. MORRISON: If the file had been laid on the table as promptly as it should have been, and if all the information had been submitted, I should be able to answer the minister.

Mr. BUREAU: The file will not tell you; you ought to know.

Mr. MORRISON: I have not seen all the correspondence.

Mr. BUREAU: I do not object to my hon. friend making a field day of this if he wants to.

Mr. MEIGHEN: Are these not annual licenses?

Mr. BUREAU: The excise are; the customs are not.

Mr. MEIGHEN: Are not these particular ones referred to, annual licenses?

Mr. BUREAU: Yes.

Mr. MEIGHEN: Then the minister must have issued some.

Mr. BUREAU: There are no excise licenses in Saskatchewan and those are the only annual licenses that are issued.

Mr. MORRISON: Are there no export licenses?

Mr. BUREAU: There is no such thing as an export license.

Mr. MORRISON: How is it that these houses exist?

Mr. BUREAU: There are bonded warehouses but no export houses.

Mr. BOYS: Quite evidently there are some houses in existence and the confusion seems to be in regard to the name. The minister might tell us what is the proper designation of these houses and once we get that we shall know what we are talking about and shall be able to find out whether any licenses have been issued or whether they are renewals from year to year which I presume is what the hon. member wants to know or just what the situation really is.

Mr. BUREAU: Warehouses are licensed by the provinces for the storage of duty-paid liquor and once the duty is paid we have nothing more to do with the liquor. If anyone buys a coat and he pays the duty on it the government has no more responsibility in connection with the transaction; and similarly the moment the duty is paid on this liquor we are through with it. The importers might then want to put the liquor in a warehouse to keep it until it could be exported and the province grants a license for this purpose. But this department has nothing to do with that.

Mr. MEIGHEN: Never had.

Mr. BUREAU: Never had; the duty is paid on the liquor and thereupon the department's responsibility ceases.

Mr. MEIGHEN: Is it an import duty?

Mr. BUREAU: An excise duty or an import duty—

Mr. MEIGHEN: It would not be an import duty if the liquor was to go out again.

Mr. BUREAU: Why not? I might import liquor with the view of exporting it again. Before any liquor can be taken out of the control of the Dominion government whatever is due upon it must be paid, and when that money is paid the owner of the liquor can do what he likes with it so far as the department is concerned. In order that the liquor might be kept in the province however the provincial government consented to the establishment of bonded warehouses and they charged so much a case, or whatever it might be; at any rate they levied a tax for allowing the liquor to remain in the province so that the owner might get rid of it at his convenience. But the matter was one within the jurisdiction of the provincial authorities, and with it we had nothing whatever to do after, as I say, the duty had been paid us.

Mr. CAMPBELL: The minister's present statement seems to conflict considerably with the statement of the Attorney General of Saskatchewan which I read a short time ago. Speaking in the House on April 6, 1922, in reply to a question asked by the leader of the opposition (Mr. Meighen), the minister made a statement which was not nearly so direct as his remarks to-day. And that is what I complain of. If the minister is not entirely satisfied that what he said then was correct he should at least make it plain to the House.

Mr. BUREAU: My hon. friend must be careful to make the proper distinction. What we issue is a license for warehouses for the storage of liquor on which duty has not been paid. That liquor, so to speak, is under the King's guard. But when the duty is paid we are no longer concerned with the liquor, and if the provincial law forbids the keeping of liquor in the province it is none of our

business. When the duty is paid to us the provincial government can seize the liquor so far as we are concerned; but so long as the liquor is in the keeping of the Department of Customs, in the bonded warehouses kept for the storage of liquor on which no duty has been paid, it cannot be touched, the theory being that the King has control of it. But evidently the province considered that it would be unfair to the owners of liquor to seize it without an opportunity being given these people to dispose of it, and they themselves established bonded warehouses or storage warehouses, or what is called export houses,—you may call them what you like—to take care of the liquor in the meantime. The owners could not dispose of the liquor within the province but had to export it. But that was exclusively a provincial affair, without the jurisdiction of the Department of Customs; it was, I emphasize, exclusively within the control and jurisdiction of the province.

Mr. BOYS: What licenses have been issued or renewed in Saskatchewan during the last twelve months?

Mr. BUREAU: Not one in the province of Saskatchewan.

Mr. CAMPBELL: What I want to know from the minister is, not the description of these houses, in which I am not so much interested, but whether or not the houses were established with or without the consent of the attorney general of the province. The Attorney General of Saskatchewan says:

> The attorney general of this province—and remember I am the attorney general—never gave any consent to the establishment of any bonded warehouses or liquor export houses.

That is the point we want to get at; we want to know whether the provincial authorities had to consent to the establishment of these houses or not.

Mr. BUREAU: I think I have explained the matter fairly fully. I have pointed out that when the duty is paid my control ceases. I could not grant any licenses of this kind inasmuch as I have no authority whatever to do so. I pointed out that these storehouses or warehouses were established evidently for the purpose of allowing those persons who owned liquor at the time the Temperance Act came into effect to dispose of that liquor in such a way that they would lose nothing. But that was done entirely and exclusively by the provinces. Whether the matter was under the direction of the attorney general or of the superintendent, or whether it was managed as it is in Ontario, I do not know. At all events neither the Department of Customs nor any officer thereof had anything to do with the matter.

Mr. CAMPBELL: Were there no licenses issued in connection with these houses? Let me again read the question which the right hon. the leader of the opposition put in April 1922:

> Mr. Meighen: Is it not a fact that the licenses were granted under the approval of the attorney general of the province?
>
> Mr. Bureau: That has been and still is the policy of the department. We do not grant any licenses unless we get the approval of the attorney general attached to the petition for the license; at the same time we have the designation of the warehouse by him.

This is at variance with what the minister now tells us.

Mr. BUREAU: That relates to the storage of liquor in bond when the duty has not been paid. When the duty has not been paid and you want to store the liquor the license comes from the department; but when the duty is paid we have absolutely no control over the matter. My hon. friend is now referring to liquor in bond upon which no duty was paid. When the Temperance Act came into force, just before importation was prohibited, if any one wanted a bonded warehouse established to store liquor he made application for it. I said that the policy of the department had been, and was then, not to issue a license except with the consent of the man in charge of the operation of the temperance or liquor act or whatever else it might be in the province.

Mr. CAMPBELL: Now we are getting a little nearer the question. Am I to understand that the minister stands strictly by this statement that no licenses were issued in Saskatchewan without the consent of the attorney general?

Mr. BUREAU: Licenses for bonded warehouses where liquor was in bond duty unpaid; not export warehouses. I want the distinction to be clearly understood.

Mr. CAMPBELL: The attorney general mentions specifically bonded warehouses or liquor export warehouses.

Mr. BUREAU: That is his business, not mine.

Mr. MEIGHEN: What would the attorney general have to do with the establishment of a bonded warehouse, which is established only

for the purpose of collecting duty? Why would the minister ask the attorney general's consent for that? I understood the matter as it has been read from Hansard; I thought it was export warehouses.

Mr. BUREAU: No. When anybody wanted to import liquor, before the importation of liquor was prohibited, he had to get a bonded warehouse, unless he paid duty. To get this bonded warehouse he had to obtain the consent of the Department of Customs and Excise. The department got all the necessary information, but before issuing the license they always wrote to the man in authority—the attorney general, I think, in Saskatchewan—and got his consent. That was not a regulation; that was the policy established in December 1916. When I came in the officials asked me if they should continue it, and I said, "Yes, it is only proper that where they have temperance or prohibition legislation they should be advised of the fact that such applications are being made in order to give them a chance to present their objections, if they have any to the licenses being granted." We continued that policy until lately. But that is not an export warehouse. The export warehouse is for duty-paid liquor, and when the duty is paid it is under the authority of the province.

Mr. MEIGHEN: Suppose the province had not agreed at all, what would be the consequence?

Mr. BUREAU: After the duty was paid?

Mr. MEIGHEN: No, no. I am referring to the policy established in 1916. I know there was a policy requiring the initiation of the provincial authorities. I cannot remember going into it in detail, but my general impression is that it related to export warehouses. I may be wrong in that.

Mr. BUREAU: You are mistaken surely.

Mr. MEIGHEN: Supposing it was as the minister says, just a bonded warehouse for the purpose of importation and to enable the owner to hold liquor until he paid his duty, and the province did not consent; then there would be no power of importation at all?

Mr. BUREAU: If the province did not give its consent or made any objection to the issue of the license, we would not grant it.

Mr. MEIGHEN: The minister says that that policy was continued from 1916 until last December. What policy was established in its place?

Mr. BUREAU: None.

Mr. MEIGHEN: Well, are there any bonded warehouses now?

Mr. BUREAU: There are.

Mr. MEIGHEN: As long as the bonded warehouses continue, is not the policy continuing?

Mr. BUREAU: They were in force at the time; we did not issue any new licenses for bonded warehouses, except for distilleries. I am informed that there are now ten less than there were when I took charge of the Customs department.

Mr. MEIGHEN: I presume the province did not ask for their continuance: Is that the reason?

Mr. BUREAU: The importers themselves did not ask for their continuance. Application is not made by the province, but by the individual who is the owner of the bonded warehouse. If he did not ask for a renewal of the license, it lapsed.

Mr. MEIGHEN: The improvement in policy is really the making a virtue of necessity.

Mr. BUREAU: I do not know—it is the virtue of a good example.

Mr. MORRISON: When the minister made the statement which the member for Mackenzie (Mr. Campbell) has just read, did he receive any protests from the Saskatchewan government?

Mr. BUREAU: Protests against what?

Mr. MORRISON: Did the Saskatchewan government protest to your department against the correctness of the statement which the member for Mackenzie has just read?

Mr. BUREAU: I would have to look up the files. I do not remember; maybe.

Mr. MORRISON: The statement was made out there during the by-election that they did protest very vigorously.

Mr. BUREAU: I was not at the by-election; whatever statements were made then I am not going to be held responsible for. I am satisfied that hon. gentlemen will make statements at by-elections which they would not make on the floor of the House.

6 p.m.

Mr. MEIGHEN: The Minister of Agriculture (Mr. Motherwell) will agree with that!

Mr. MORRISON: I saw a copy of a letter of protest in the hands of the attorney general, so I considered that pretty good evidence that a protest was made.

Mr. BUREAU: It is a pretty good presumption. The letter may have gone astray in the mails.

Mr. MORRISON: There is no copy of the letter on the file; that is why I am not satisfied.

Mr. BUREAU: I do not think that insinuation is fair. I have had letters go astray in the various departments.

Some hon. MEMBERS: Oh, oh.

Mr. BUREAU: To those who are used to the pure, all is pure, Mr. Chairman. Those who smile must have been the abstractors of letters. But I would not have any objection to producing any protest. If a protest was made about issuing a license, and no license was issued, where is the harm in the statement I made? I do not see any. If no license was issued, I had no consent to ask.

Mr. MORRISON: But here is the point: You made the statement that you did not authorize the issuing of any license without the written request of the Attorney General of Saskatchewan.

Mr. BUREAU: No, no.

Mr. MORRISON: The minister says no, that is not right; and further, before that a protest was made as to the responsibility for it.

Mr. BUREAU: I want my friend to stick to this: I have nothing whatever to do with export warehouses; it is the bonded warehouses that I am concerned with.

Mr. MORRISON: Mr. Chairman I do not wish to take any more time of the committee, but I should like an assurance that we shall have a chance to discuss this matter later.

The CHAIRMAN: This debate is all on the next item, I am sorry to say. Shall item 1 carry?

Some hon. MEMBERS: Carried.

The CHAIRMAN: Carried.

Item agreed to.

Mr. COOTE: Mr. Chairman, I protest against this item carrying. It is six o'clock.

The CHAIRMAN: The hon. member is out of order. The debate is not on this item, but on the next one dealing with the preventive service.

[Mr. Meighen.]

Mr. COOTE: It is preventive officers I want to discuss

The CHAIRMAN: That is the next item, which has not yet been called.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Salaries and travelling expenses of inspectors of ports and of other officers on inspection, preventive service, and in connection with the Board of Customs; the latter including salaries of $1,000 each for three members and $500 for the secretary, $790,719.

Mr. MORRISON: I would ask that this item be allowed to stand for a little while.

Mr. BUREAU: During the recess I had inquiry made to find out if any licenses had been granted to private parties for bonded warehouses in Saskatchewan—the officers went down to the department to investigate it—and I find that none were granted. The only licenses that have been granted since I took charge of the department are the licenses to the official vendors, no others. So the point in dispute seems to have disappeared.

Mr. MORRISON: Does the minister mean the official vendors in Saskatchewan?

Mr. BUREAU: Yes.

Mr. MORRISON: I should like the item to stand for a little while so that an opportunity would be afforded of looking through the papers. In the meantime the minister could take up another item.

Mr. BUREAU: I have no objection.

Mr. MEIGHEN: The licenses that were issued were yearly licenses to private parties?

Mr. BUREAU: They were issued to bonded customs warehouses.

Mr. MEIGHEN: Yes, but they are yearly licenses.

Mr. BUREAU: No they are not yearly.

Mr. MEIGHEN: Does the minister mean that a permanent license is given a man, that it is not a yearly license?

Mr. BUREAU: If he has got a bonded warehouse for storing intoxicating liquors he must have a permit.

Mr. MEIGHEN: Yes, but for how long?

Mr. BUREAU: Until the license is revoked, or until he abandons it.

Mr. MEIGHEN: Subject to revocation at any time?

Mr. BUREAU: Yes.

Mr. HARRIS: I should like to make my position clear with regard to the question raised before recess. In the first place I am opposed to prohibition or coercion in any sense.

Mr. BUREAU: Hear, hear.

Mr. HARRIS: I want that distinctly understood. The point I raised however was that I felt the department were losing some revenue over these seaworthy vessels carrying this liquor supposed to be for export. We might assume that each vessel would carry a thousand cases. At a duty of $15 a case this would represent $15,000. It would only need one hundred of such trips to make a loss of revenue to the country of $1,500,000. I merely make this statement for the purpose of explaining my position.

The CHAIRMAN: Is it the intention, Mr. Minister, to allow this item to stand?

Mr. BUREAU: If there is any further information my hon. friend desires I am willing to give it. The bone of contention seems to be that I should not have issued licenses without the permission of the provincial authorities. I find from the records of the department there have been no licenses issued to private individuals for bonded warehouses; so that I could not have granted licenses without their permit, none having been issued.

Mr. MORRISON: Here is the position; the right hon. leader of the opposition (Mr. Meighen) is not clear on this whole matter; it is a big and important question, and this return should have been brought down sooner. It was asked for fifty days before it was laid on the table and we have not had time to read it. If the committee will go on with another item, we will be ready in an hour's time.

Mr. MEIGHEN: Then is it understood that this item stands for to-night? I should like to look over the correspondence. Has the minister found the missing letter?

Mr. BUREAU: I have not had time to look for it. I do not know what it is.

Mr. MEIGHEN: I thought that would be more important than the point the minister did look up.

Mr. BUREAU: If I understand rightly, the missing letter was a protest against the issuing of licenses by the federal authorities.

Mr. MORRISON: No, it was against this government stating that it was for the Saskatchewan government to take all responsibility for the issuing of the licenses. They disclaim all responsibility. The minister made the statement that he did not issue a license without the signed request of the Attorney General of Saskatchewan.

Mr. BUREAU: No, there is a misunderstanding. I said without the consent—not at the request. I do not want it to be understood that I wanted it to come from the provincial government. If I said that, I did not state what I had in my mind. The answer I made was that before issuing licenses we always got the consent of the local authorities in charge of the administration of the liquor laws in the province.

Mr. MANION: Could the minister tell us how many export liquor licenses have been issued throughout the Dominion?

Mr. BUREAU: My hon. friend was not here when I explained that. When the duty is paid on liquor, if the provincial law prohibits the possession of liquor within the limits of the province, we have nothing to do with it. If the owner of the liquor wants to keep it for the purpose of export, so as not to lose the whole thing, he obtains authority from the provincial government. That is what they call the provincial export license. The government charges him so much and allows him to keep the liquor in the province, and he exports it later on; but we have nothing to do with that.

Mr. COOTE: We were talking this afternoon about the inspector who places the value on apples. Would the minister inform the committee whether the officer came all the way from British Columbia to Winnipeg to value apples that had been imported from the state of Washington by a Winnipeg jobber; and if so, what value he placed on apples imported from Washington last winter?

Mr. BUREAU: Mr. Mowat, who has this particular duty to perform, is in Vancouver and goes to Winnipeg to examine invoices and prices and to investigate conditions.

Mr. COOTE: What value did he place on apples coming from Washington last winter?

The CHAIRMAN: I question if items of the tariff can be brought up under this item. Matters of administration can be discussed.

Mr. BUREAU: I do not object to the question, but I could not say offhand. My hon. friend will understand that we do not get reports of all these things, and if we did I could not carry them in my mind, and would not have any record of them here.

Mr. COOTE: I do not want to ask any question that is not in order, but it seems to me this is the only place that we can ask any questions regarding the administration of the Dumping Act and I feel that this is the proper place to ask the question. Would the minister be willing to lay on the Table of the House the reports he got from these officers showing the value they placed on these apples?

Mr. BUREAU: These appraisals and valuations are made by the officers. They must appear on the invoice in the particular port. If the invoice contains a certain price for the apples, and that price is changed by the appraiser, it must appear on the invoice.

Mr. COOTE: Is the minister aware of the fact that sometimes this dumping duty has been levied by his officers on shipments of apples after part of the apples have been sold by the importer to the retailer? Could the minister not find some way of administering the act that would not inflict this hardship on the importer?

Mr. BUREAU: In speaking of these apples, all importers are told when they bring in commodities or products that their entries are subject to correction, and subject to the appraisal which has to be made. They are all warned of that.

Mr. COOTE: Could the minister not have these valuations made so that the importers could be told when the apples are cleared through the customs that the duty would be so much, and not have the duty imposed after the man has cleared his apples and possibly sold most of them to retailers?

Mr. BUREAU: We must get the shipment before we can make an investigation. We do not know what the duties are going to be. After the shipment is in we make the investigation, and then these people know exactly where they stand, because the appraiser makes his report and assesses the value. But the shipment must be made first.

Mr. COOTE: I may be misinformed, but I have had letters from some of the importers stating that they have been assessed for dumping duties after they have had the apples in their warehouse for some time and after they have actually sold most of them to the retailers. I understood the minister to say this afternoon that the United States were dumping a lot of poor apples into Canada.

Mr. BUREAU: I do not want to be understood as saying that. I just reported a conversation I had with an American at Vancouver. I did not say that I believed it or that I did not believe it, or that it was true or false. I reported it for what it was worth. I did not make it my statement.

Mr. COOTE: The minister certainly left the impression on my mind that he or his agent had acted on this information when they levied the dumping duty. Is the minister aware that these same British Columbia fruit men are shipping hundreds of cars of apples to the United States every year? I would like to know whether his appraisers have examined the books of the British Columbia growers and found out what they were charging for these apples they were shipping to the United States, Great Britain, Mexico, Sweden, Germany and Japan. If not he does not know whether he is making the people on the prairies pay more for their apples than people in those foreign countries.

Mr. BUREAU: It is not for us to look into shipments made by our people. If they ship to Mexico, the Mexican authorities are there to protect themselves. If they ship to the United States, the United States authorities are there to protect themselves. The United States authorities do not examine the invoice of their shippers when they ship to Canada. It is up to the Canadian authorities to look into them and to protect themselves.

Mr. COOTE: Will the minister be good enough to inform the committee who is looking after the people on the prairies that would like to get apples?

Mr. BUREAU: I suppose each individual who desires apples ought to be able to look after himself and get them. I do not presume they want any particular tutor or guardian for that purpose. I know when I want an orange or an apple, I do not go to my neighbour, I go out and get it.

Mr. COOTE: They do not want some appraiser going around and penalizing these fruit jobbers when they import a car of apples. The minister has shown that these people on the prairies had better get somebody to look after their interests.

Mr. BUREAU: That is their business.

Mr. COOTE: I wonder if I would be in order if I asked the minister on what basis his officers are now setting the value of goods imported from Germany? What procedure are they following in fixing the value of those goods for duty purposes?

Mr. BUREAU: That is determined by the law which reads:

In the case of importation of goods, the manufacture or produce of a foreign country, the currency of which is substantially depreciated—

That would include Germany.

—the value for duty shall not be less than the value that would be placed on similar goods manufactured or produced in the United Kingdom and imported from that country if such similar goods are made or produced there. If similar goods are not made or produced in the United Kingdom, the value for duty shall not be less than the value of similar goods made or produced in any European country the currency of which is not substantially depreciated.

That is a question of law, not of regulation.

Mr. COOTE: Some of us are getting the impression that the Customs department is a law unto itself, and that is the reason I asked the minister the question. Could he tell this committee whether it is a fact that Germany is now quoting her goods, not in German currency, but in either American or British currency?

Mr. BUREAU: Whether they quote them in German marks or American dollars or Canadian dollars does not alter the value of the currency in Germany. If they quote $10 for a thing that is worth $20 in England, naturally it will be appraised as being worth $20, the value of the goods in England according to the law that I have just cited. Whatever currency they quote does not make any difference as to the value of the currency in the country of origin.

Mr. COOTE: I think it is well that the committee should get all the information they can in regard to this question, because I will admit that I have not all the information I would like. I have lately received from a gentleman who is in the importing business in Montreal some information regarding this matter. I do not want to take up much time, but I will read a memorandum that he gave me in regard to scissors. This is just one of the items, but it will serve as an example:

The scissors and shears are supplied to Canada to a great extent by United States manufacturers. We understand that Great Britain is not equipped in the industry to supply her own demands, but that she imports annually large quantities of United States and German manufactured shears and scissors for her own use as well as for her export trade.

It seems absurd to use the cost of British made scissors and shears as a base in Canada for the cost of German scissors and shears for duty purposes. The result is generally a workman, working girl, or farmer has to pay for the extra valuation for duty purposes. Under present rulings, it raises the cost of these scissors and shears to nearly double the price of what they should be, as the duty on these goods—

I think he means to include the sales tax.

—amounts to 113.4 per cent of the cost. The application of the valuation taken from British goods does not give any more trade to Great Britain but gives a certain amount of additional trade to the United States of America, which thereby increases the unfavourable balance of trade against Canada.

This could be reduced by allowing the German-made scissors and shears to come into Canada at their real value.

I would be much obliged to the minister if he could inform us whether that is the way in which the duty is actually working out at the present time. That brings the duty and sales tax in some cases to over 100 per cent of the value of the goods.

Mr. BUREAU: I just explained to my hon. friend that this was not a matter of regulation. Those scissors are imported from Germany. The currency is depreciated in Germany. They say the scissors are worth $10 or $5 a dozen. The value for duty purposes is the value of similar goods manufactured in England, as I have just said. That is a matter of law, not of regulation, and the customs collector has to follow the law. The law says that when goods are imported from Germany, Russia, Czecho-Slovakia, Austria, the value of the goods shall be the value of similar goods in England. That is the Customs Act as amended in 1922.

Mr. COOTE: I am informed that this country is maintaining trade agents in Germany. If we take into consideration the condition that Germany is in, how can we sell her any goods if we do not take goods from her? I am at a loss to know how we can continue to import goods if the duty and the sales tax against Germany amount to over 100 per cent. If the law is wrong, the minister is in the best position to know about that, and I think it is time he suggested some change in that law.

Mr. BUREAU: I have no control over trade agents or trade conditions. I am administering the Customs Act. The question my hon. friend puts to me is: How is Germany to pay such a high duty? I explained to him that the duty on all goods coming from a country where the currency is depreciated is regulated by statute. I have no power to change it. Parliament is master of the situation; parliament can amend it, and if parliament chooses to say that goods

shall be valued at the currency of the mark, that is its business, not mine. My duty is to administer the act as I find it in the statute book. My hon. friend wants to be fair. He knows very well that I cannot change the provisions of the statute.

Mr. COOTE: Is the minister trying to give the impression that a private member could bring in any bill to amend the present act dealing with depreciated currency? He surely does not want to give that impression.

Mr. BUREAU: I do not give any impression at all. We all have the same rights in this House. When we think anything is wrong, it is our right to discuss it and to make suggestions. These amendments were made by the Minister of Finance. This is a question that comes under his jurisdiction. My hon. friend has not been deprived in any way of an opportunity of making suggestions or of expressing his views. I am stating to him my position. My hon. friend seems to be under the impression that by a regulation of the department we can remedy this. I am explaining to him that I cannot. If he wants an amendment to the Customs Act, let him suggest it. I do not say that he has the right to make any motion in regard to it, because it must come from the government. But so far no suggestion has been made in the matter; at least I have not heard any in the House. I am discussing the act as I find it and am trying to explain matters to the hon. gentleman as well as I can. If he thinks that this is a question that rests with the department he is under a false impression, because the department is bound to administer the act as it stands and the act provides that the measure of value of goods coming from Germany or from any other country whose currency is depreciated shall be according to a certain standard which is laid down; and I have no other means of valuing such goods. I do not say that the hon. member's views are either right or wrong; I am merely stating that it does not lie within my power to make any change.

Mr. COOTE: I assure the minister I am not trying to be unfair to him. I wish he would say whether in his opinion the duty now collected on these goods coming from Germany is levied strictly in accordance with the regulations, or whether it is just possible that the inspectors are putting too high a value on the goods.

[Mr. Bureau.]

Mr. BUREAU: The officers are instructed to adhere to the law, and the law states clearly what shall be done; the goods shall be appraised at the value of similar goods made in England. I do not see that there is any other explanation I can give the hon. gentleman; the matter is perfectly clear in the act.

Mr. COOTE: I will not bother the minister any further, but I would point out that although we have been discussing these estimates all afternoon we have secured very little information regarding the actual working of the Department of Customs. I am not criticising the minister at all in that respect, but I would urge him to suggest to his government that the estimates of some of the departments at least be submitted to some standing committee of the House and passed by that committee before being brought down to the House. This is what is proposed in regard to the estimates of the Minister of Railways, that they be submitted to a special committee of the House for consideration. This would greatly expedite the business of the House and I am sure hon. members would be able to discuss the estimates in a more intelligible manner. The result would be more satisfactory not only to the members themselves but also to the department and the country at large.

Mr. WARNER: The committee has been dodging around from one thing to another in such an erratic way that I would not blame the minister for getting out of patience. But at the same time I must say that he has made one statement himself which is responsible for my getting up now; I refer to what the minister said about people being able to look after themselves when they wanted to buy fruit. Well, so far as that goes, I have reason to know that much as they would like to, they cannot possibly "look after themselves" at the present time under conditions as they are and with the dumping clause in operation against them. I know of one case where the fruit dealers in Edmonton desired to buy apples in Washington so that they might be able to supply the trade in their city at a cheaper rate than they were otherwise able to do. But from what I have learned there seems to be some question as to whether the dumping regulations were properly applied. The British Columbia apple dealers were unable to supply the particular apples required in this instance—winesaps—and when the Edmonton dealers tried to get them from the United States they discovered that the

dumping clause operated to their detriment. There was a question as to whether it was applied justly or not. I want to tell the minister that the people on the prairies would like to look after themselves, as he says, if they could; but it is impossible for them to do so with the dumping clause against them. If the British Columbia dealers were able to supply these particular apples the people would like to buy from them rather than go across the line. I think it is well worth the minister's while to take this matter into consideration; certainly the people of the prairies are at a disadvantage under present conditions. They were compelled in this instance to pay so much more for the apples when the dumping clause was brought into force that they were obliged to go without them.

Mr. SPENCE: What time of year was it that the people in the prairies could not buy British Columbia winesaps?

Mr. WARNER: They grow some of these apples in British Columbia but not very many, and the time I am referring to was during the fall season before I came here, the early part of the winter. I know that the British Columbia people did not have these particular apples at the time they were wanted, and when the dumping clause was brought into force it prevented the prairie people from getting them, the price being too high.

Mr. HOCKEN: What the hon. gentleman has just said reveals to us the luxury in which the farmers of the western provinces live. Apparently there is only one kind of apple in the world which they will eat and it must be something very choice. Down in our province we will eat northern spies.

An hon. MEMBER: Or rhubarb.

Mr. HOCKEN: Yes, and in large quantities.

Mr. WARNER: You have no dumping clause against you.

Mr. HOCKEN: My hon. friend I think discovers that he has put his foot in it.

Mr. WARNER: As to my foot, it is perfectly comfortable. My hon. friend comes from a place where the duty has nothing to do with the apples he buys; they cannot sell all the apples they raise in that community. Nevertheless they are telling us that the home market will make us all rich.

Mr. KELLNER: The problem of the hon. members who represent Toronto is not the same as the problems we have in the West, and their ideas of luxury are no doubt different from ours. I have a list of telegrams which passed last fall between the fruit growers of British Columbia and the jobbers of Vancouver in which the latter contracted for a certain volume of fruit. I hesitate to put all these telegrams on Hansard and so I will summarize their contents; the telegrams are at the disposal of the minister at any time. The Vancouver jobbers contracted for the delivery of 25 cars of peaches, 15 cars of apricots and 5 cars of pears early in the season. Considerable advertising was done to convey to the people of Vancouver the importance and the duty of eating home-grown fruit. The season wore on, marketing conditions changed a little, and they found that they could sell fruit on the prairies at a better price and on a less discriminating market; so they forced the Vancouver people to get along with 5 cars of peaches, 3 cars of pears and considerably less than a car of apricots, so that they could sell extra fruit on the prairie market. The minister's department came to the rescue with the dumping clause. When the price got high in the prairies the suggestion was made to bring the fruit from the United States; some fruit was brought in but the minister's agent went to the prairies and put a valuation on that fruit which it never had and collected a duty which prohibited further importations. I would point out to the minister that he will have a very hard time convincing the people that that is what the dumping clause was intended for. He made the statement this afternoon that we might as well not have any statute at all in regard to the dumping clause as his department administers it. I cannot put any other interpretation on his words. I think it is very unfair to the people that his department should so administer the dumping clause as to create a condition of this kind.

Mr. McBRIDE: Mr. Chairman, I think the words of my hon. friend (Mr. Kellner) prove beyond a shadow of doubt that the people of British Columbia were more than anxious to supply the needs of the prairie farmers when they cancelled the order which they had to ship apples to Vancouver. Now, in regard to the question of who is looking after the fruit needs of the prairie people, I understood that some time ago the Grain Growers' Association was handling the fruit for the prairie farmers, and as I have already stated in the House some of the prairie organizations were making 65 cents a box profit on British Columbia apples.

An hon. MEMBER: Shame!

Mr. McBRIDE: Yes, I should say so. I have that statement signed by the secretary of one of the Grain Growers' associations. With respect to the winesap apples which were being shipped in from the American side, Mr. Thomas Bulman, of the Okanagan, was here at the time and I took this question up with him. He told me that there were then in cold storage sixteen cars of the same kind of apples which he was anxious to get rid of.

Mr. EVANS: Mr. Chairman, I have a word of explanation to offer in reply to the statement of the hon. member who has just spoken (Mr. McBride) regarding the profit of the Grain Growers' Association on apples. He is quoting the price from a local association which, if I remember rightly, is the North Battleford association. The Grain Growers' Association buy apples wherever they can get them, whether from British Columbia or Washington. The local association at North Battleford was compelled by the rest of the distributing trade in that city to sell the apples at the price referred to, otherwise they were told they could not get their shelves replenished with any other line of goods. That is an instance of how the anti-dumping clause is applied on goods in western Canada and elsewhere to-day. The absurdity of applying a dumping duty to fruit coming into this country, particularly into western Canada, can easily be shown by the fact that at the time it was being so applied in western Canada to certain cars of apples from Washington the British Columbia apple growers or packers could not supply even the Vancouver trade and had to import the deficiency. The real reason for the dumping duty being applied on fruit in western Canada is because the British Columbia apple growers are exporting their best apples and want this added protection in order to get rid of their culls. Naturally we in the West object. Another absurdity of the application of the dumping clause is shown in the fact that when applying it to two cars of apples that came into Winnipeg last March Mr. Mowat was brought all the way from British Columbia a distance of 1,200 miles, to assess the duty. Could anything more absurd be imagined?

Mr. LADNER: Does the hon. member contend that the dumping duty on fruit should be entirely eliminated? Is that his frank position?

Mr. EVANS: I would say that it should be. I say further that any apple growers in this country who cannot carry on with the advantage of a shorter freight haul and a 30 cent per box duty ought to go out of business. Anyway, I serve notice on the British Columbia advocates of the dumping duty to-day that the plain people of the prairies are not going to tolerate its continuance much longer, and already relations are strained between the fruit distributors of the prairie provinces and the apple growers of British Columbia. To bring a man 1,200 miles to assess the dumping duty on two cars of apples in Winnipeg seems to me an utter absurdity. One would think that a duty of 30 cents a box would be quite sufficient advantage to any apple growers in any part of the Dominion. If it can be proven that the United States apple growers are selling their apples for export at a lower price than for home consumption, then I say there is some justification for the dumping duty being applied; but in the case of apples which last year we could buy at Washington for 80 cents a box, the price at which they were being sold to any one in the United States, why was the dumping duty levied in western Canada? Because the British Columbia fruit growers claimed the United States growers should be getting $1.10 a box! I think the absurdity of the whole thing is plain to every member when I recall the fact that to-day we are maintaining an army of officers in all countries of the world to look after this business for our apple growers and manufacturers while we are collecting less than $130,000 in duty under the dumping clause.

Mr. LADNER: Mr. Chairman, it is apparent from the speech of the hon. member for Saskatoon (Mr. Evans) and of certain other hon. members that they are very strongly disposed to eliminate all duties whatsoever. Now, the British Columbia fruit question has been explained time and again by members from that province, particularly by our friend, the late Mr. MacKelvie. The facts, as I understand them, are simply these: that at certain periods of the year the United States apple growers, owing to climatic and other conditions are able to produce their fruit a little earlier than their British Columbia competitors, and they not only supply their home market but also the market of Canada at the highest prices; later when the British Columbia apples are ripe our growers find the cream of the market has been taken by their competitors across the line, and in addition the home market is further depressed by the dumping of the surplus product from the States. The net result of eliminating the anti-dumping clause would accentuate the extremely hard times which the apple growers

of British Columbia are passing through; not only so, but many of the men who have invested thousands of dollars in their orchards and waited years for them to come into bearing in order to supply the home market would be put out of business.

Mr. COOTE: Is the hon. member aware that there is a duty of 30 cents a box on apples?

Mr. LADNER: Yes, but that protection is not sufficient at certain times of the year.

Mr. COOTE. Will the hon. member give to this committee any reason why the dumping duty applicable to natural products should not be the same as applied to manufactured goods?

Mr. LADNER: I do not see the relationship. I believe the dumping duty is applied to manufactured goods to protect home industries. Now so far as apples are concerned, and the fruit industry of British Columbia, it is only a periodical application of the dumping clause that is required; that is, it is put on when what we consider unfair means are being used. I would like to ask hon. gentlemen sitting to my left, as men not actuated by selfish motives, and I know they are not, whether they are disposed to use their power in this House in favour of a step which would save them only an infinitesimal amount on the cost of their fruit, but that would put out of business many thousands of men engaged in the apple-growing districts in the central portion of British Columbia, who have invested millions of dollars there, and in which the government has also made a huge investment? If it were a question of trying to grow cotton around the north pole by artificial protection of an extreme kind, their arguments would be reasonable, but this is a question of protecting this industry only at certain given times of the year against unfair competition, and if we are going to maintain the unity which hon. gentlemen preach so strongly, consideration must be had for all parts of this country which are specially affected by foreign competition at particular times of the year. Let us have a little reciprocity in the concessions given from one end of this country to the other. What do we find so far as my friends to my left are concerned? They come down here with great political power—

The CHAIRMAN: Order. I must call the hon. member's attention to the fact that this is an item for administration; it is not a question as to the propriety of maintaining or abolishing any act; nor is it a tariff item.

Mr. LADNER: My friends to my left, Mr. Chairman, have been protesting against the administration of this act, and I am trying to affirm its administration. I am trying to show that the anti-dumping clause should be administered, and effectively administered.

Mr. KENNEDY (Glengarry): Does the hon. member consider that the dumping clause as applied to natural products should be applied only during a certain period of the year, before the British Columbia apples are in the market, and when American fruit is coming in?

Mr. LADNER: I say that the anti-dumping clause should be applied to protect the business of fruit-growing in British Columbia against unfair competition at any time of the year.

Mr. KENNEDY (Glengarry): I understood the hon. member to advocate only a perodical application of the anti-dumping clause.

Mr. LADNER: No, I did not say that. I say that the necessity for its application is periodical; it is applied to meet a certain condition. This is an important matter for British Columbia, and I think before hon. gentlemen to my left decry the application of the anti-dumping clause they should be better informed on the investment that has been made in this industry and what it means to British Columbia, and when they look for tariff readjustments on machinery and other articles they might have consideration for these fruit-growers in British Columbia who are tied up with their investments in this industry.

Mr. COOTE: I want to take exception to the remarks of the hon. member for Vancouver South that we should be better informed, and I would suggest to him that possibly he is not as well informed on the dumping act as applied to natural products as he might be; otherwise, he would have answered the question I put to him a little while ago, when I asked him to give any reason why the dumping act which applies to natural products should not be the same as applied to manufactured goods. If he is well enough informed to lecture us in this regard, perhaps he can now answer that question.

Mr. WARNER: I want to call the attention of the hon. member for Vancouver South (Mr. Ladner) to the fact that he is in

danger of putting the prairie farmer out of the business of eating fruit, and consequently of putting the British Columbia grower out of the business of raising apples.

Mr. HOCKEN: Try Ontario apples.

Mr. WARNER: Some Ontario apples we get are very good. We always find the top layer of the barrel good, but the rest are what they would not feed to their pigs. I do not wish to reflect on the fruit growers of Ontario. I do not know whether it was a high protectionist or a fruit grower that packed those apples. This question is a serious one, Mr. Chairman, for the prairies. We need fruit on the prairies, and British Columbia, on account of being nearer, should supply us with our fruit.

The CHAIRMAN: Order. I would draw the hon. member's attention to the fact that this item concerns the expenditure of a department. There is no question here of whether a certain act is a proper act or not; it is simply a question of whether the expenditure is proper, and whether the law is being administered efficiently. This debate has continued for some time, and for nearly an hour hon. members have been wandering away from the subject matter.

Mr. WARNER: I am sorry if I am out of order, Mr. Chairman. I hardly thought I was, because everybody has been saying about what he pleases on this item. When I remember what others have said, I can hardly think I am out of order. If you will allow me, Mr. Chairman, to encroach just a little further, I want to say that I know that the British Columbia land on which they are growing these apples is from three to four times the price it ought to be. We want apples in the prairie provinces, and we do not care whether we get Ontario or British Columbia apples, but we do want them at a price we can afford to pay. That is what we are interested in. We are not more selfish than other human beings, but we have been up against it hard enough in paying tariff duties on everything so that we have not much left now to pay for apples, and we want to eat apples. I think it is well worth while for this House to consider whether the dumping clause is not going to put us out of business of eating apples, and consequently put out of business the man who is growing apples. I do not think the dumping clause was applied last fall at the right time, and in the right place. In fact, I do not know where the right place is; I have never been able to find that out; I think we should get rid of it altogether. I want the government, and the Minister of Customs particularly, to be mighty careful how he uses that anti-dumping clause, if it is possible for him to be careful.

Mr. LADNER: Can the hon. member say what the application of the dumping duty adds to the cost of a box of apples?

Mr. WARNER: I do not know exactly how much it amounts to on each box but it is enough in some cases to put us out of the business of eating apples.

Mr. STEVENS: Mr. Chairman, a question was asked a moment ago, a perfectly proper question I think, in regard to the administration of this dumping clause—why the clause which applies to manufactured articles is not equally applicable to natural products. The question I say is a fair one, and I think a very proper one. The reason is—the minister will correct me if I state it in any sense unfairly—that in the case of the manufactured article you have generally a fixed price which is easily ascertained in the country where the article is manufactured. In, perhaps, ninety per cent of the cases there are regular lists of prices issued, and the article is of a non-perishable character. But with fruit you have an article that is not only perishable but variable—variable as to varieties, variable as to seasons, variable as to the quantity of the crop which always affects the price. So that from day to day there is no fixed price on fruit, it is something that is constantly changing. Secondly, while it is very simple to ascertain the market value of a manufactured article, it is exceedingly difficult to find the market value of fruit.

Mr. COOTE: Will you explain why it is difficult to find?

Mr. STEVENS: Yes I am going to explain that. Take for instance the production of strawberries, I use that, perhaps, as a more extreme type and more suited to making the explanation clear.

Mr. COOTE: Make the explanation on apples.

Mr. STEVENS: I will make it with respect to strawberries first, and then I will take pears and apples. Now, strawberries are produced and they must be marketed at once; let two or three days elapse and the strawberries are unsaleable. The growers south of the line produce strawberries very quickly. If there happens to come a shower of rain it ripens the strawberry very quickly and turns

it into a soft condition not suitable for keeping any length of time. What they do south of the line, and it is a regular practice, is this: They supply their home market—Seattle, Spokane, and these other cities all through that area at cost price because the growers south of the line are well organized, and they have the home market under control. But the surplus they will dump into Vancouver, for instance, or into Calgary, or on a market they can reach at any price at all, because the amount they get is pure salvage, it is barely sufficient to meet expenses whatever the amount may be. It does not follow that they must make even the cost price of the article because they have already protected their profit in the stabilized market south of the line.

Mr. HOCKEN: In the home market?

Mr. STEVENS: In the home market. Now then, in facing this situation the minister and his predecessor were called upon to find a dump that was applicable, and so we had a dump clause to this effect, that the Customs department would ascertain the cost of the production of the article and allow that price plus 10 per cent for profit, and that was the dutiable price to the Canadian market. Now we come to pears. I have in mind—and perhaps the minister's assistants could give the exact data in regard to this—an incident that occurred where nine carloads of pears were shipped on consignment into Calgary. They were shipped there simply at any price that could be secured for them—in fact they secured, if I recall rightly, a very low price, about one-third of the market value of these pears. Well, no Canadian grower could compete with a condition of that kind. Now take apples as to which my hon. friend (Mr. Coote) asked for an explanation. I will also reply to the question which was raised by my hon. friend from Glengarry (Mr. Kennedy) in which the suggestion is made that there was a period, perhaps, at the beginning of the season where the dump may be applicable. But you must remember this: You have apples coming on the market—I will give the British Columbia data as well as I can recall them—from the end of July, early harvest apples. Then you have the Gravenstein coming on in September; the MacIntosh Red coming on about October; and then you have other varieties in November, the later varieties, the winter varieties which keep well. You have a long series of different varieties of apples some of which are only marketable during the particular two or three weeks that they come on the market. Take early harvest apples. You cannot possibly, even with cold storage, keep them over perhaps a period of a month, or five or six weeks. On the other hand winter varieties can be kept over until spring. The dump therefore must be made applicable not simply at the opening of the apple season but its application must correspond to the coming on the market of the different varieties. Again we have exactly the same situation. We have in the Wenatchee country, in the Hood river valley, in Oregon and Washington, particularly in Washington, some very extensive orchards. The growers there pack all their apples very skilfully and the fruit is very carefully graded. The very high and fancy grades are saleable in every great city of the United States—New York, Chicago, St. Louis. Cincinnati, and Cleveland. Clear across the continent they have a splendid market for their number one grades at high figures.

An hon. MEMBER: Ten cents apiece.

Mr. STEVENS: Someone suggests that they retail at ten cents apiece, at any rate they get very high figures for these fancy grades. But they have also second and third grades. For instance, their second grade is a good apple, a very excellent apple, and one which will market well, but it has not got the demand that the very fancy first grade has on the high priced market. Well, they seek to dump their surplus of seconds and thirds on the Canadian market—on the Canadian Northwest market if you like or any of the cities; indeed, they dump them into Vancouver just the same as they dump them into Calgary or Winnipeg. This competition is wholly and utterly unfair, as far as our fruit growers are concerned. I would say this to my hon. friends: I know this question has been discussed many times in years gone by, and the suggestion is made, "Why should not the prairie purchaser have the number one grade as well as anybody else?" There is no reason why he should not if he will pay the price. I want to say this, however, that for all ordinary purposes there are very few hon. members would discern very much difference between a good, general number two grade and a number one fancy grade. There is a little more uniformity of size, a little better colour perhaps, and more careful packing—it is a little fancier all round—but the number two grade is just as good. It is not a question of putting an inferior grade on the market at all; it is just simply a condition that develops in this industry.

Now, let me turn to the industry itself which calls for this dumping clause and the applica-

tion of it by the minister. My hon. friend said there was land in the Okanagan valley, where these apples are produced, that is three times above the value it should be. Well, I venture to say that in the case of the Okanagan growers this year—and I certainly regret that our late friend Mr. MacKelvie is not here because he had all this information at his finger tips—the great majority of them, fully 90 per cent of them came out at the end of the season with a complete loss on operation. Considering the price of land I venture to say further that the owners of these orchards in the Okanagan valley would be delighted if they could get a return covering the cost of production plus, say 2 per cent on the cost of this high priced land.

Mr. WARNER: Does the hon. member for Vancouver Centre not think that if we had got rid of protection some time ago the fruit growers would have been in a better position because we on the prairies would have been able to buy their apples?

Mr. STEVENS: I am glad my hon. friend asks that question. I will tell him the history of the citrus fruit situation which illustrates where you would be if the protection had been taken off. If there had been no protection you would have had no development of the fruit industry in British Columbia and very little in Ontario probably. About twenty years ago—and I recall the time very well because I dealt at that time very largely in the marketing of fruit and articles of that kind—we used to buy lemons and sell them retailed at twenty cents a dozen. That was the prevailing price for years, with perhaps an occasional rise in the middle of the summer season. Our oranges were sold according to grades and sizes up to thirty cents a dozen, and very rarely beyond that. At that time Canada bought its citrus fruit in California, Florida and the West Indies, but the California citrus fruit industry, organized under Mr. Shapiro and other organizers of that character secured first from congress a heavy prohibitive duty. which shut out the competition of the West India fruit in the American market; they secured absolute control of the American market, and then by the development of their industry they controlled the American market from the selling end, but not from the buying end. They supplied the citrus fruit to the American market just as they saw fit to send it, and maintained the price. What was the effect of that on Canada? The effect upon Canada was that when the United States shut off the market from the West India fruit growers, these West India concerns went out of business. We had been receiving West India fruit in Canada in competition with California fruit. When the West India fruit was shut off, we were confined to the California fruit; and for the last ten or fifteen years, I think I can say, the price of citrus fruit in Canada has been from two to two and a half times the price at which we could purchase it in the previous ten or fifteen years. And why? Because the citrus fruit growers in California fixed the price. We have no duty on lemons and oranges; they are absolutely free, and yet the price has doubled during that period. I obtained the prices in Seattle and Vancouver, Winnipeg and St. Paul, Buffalo and Toronto, and all corresponding places along the line, and in every case the citrus fruit was marketed in Canada at a slightly higher price than south of the line, although we have no duty on that fruit.

Mr. KELLNER: I was just wondering what the prohibitive duty of the United States is.

Mr. STEVENS: I cannot give it offhand to my hon. friend, because I was not prepared for this discussion at all, but I would say perhaps thirty per cent.

Mr. KELLNER: Ad valorem?

Mr. STEVENS: Yes. I must give that answer subject to correction, because I am not certain. I made a very careful study of the citrus fruit situation, and I will give the House an illustration applicable to the administration of the dumping clause. The citrus fruit growers—I want this to be made perfectly clear—through the act and persuasion of congress, through prohibiting it, closed the market to the West Indian grower, and thus cut off that supply. Let me say this—and if the Minister of Trade and Commerce (Mr. Low) were in his seat I would invite his attention to it—that when the West India delegates were in Ottawa, I think about 1920, and made an agreement with Canada under which we allowed their products to come into Canada, they told us that they wanted to come in here with citrus fruit, and if we would give them a preference in our market for citrus fruit they would replant their lemon and orange groves, stimulate industry and go into the production of citrus fruit again. I am certain that if Canada had put a duty on citrus fruit, in a very few years we would be buying citrus fruit in Canada twenty-five to fifty per cent less than the price we pay to-day, and we would stimulate that trade. But that is on the side. If

the dumping clause is removed, or if the minister fails to administer this dumping clause in the interests of the Canadian producer, and if you add to that the removal of the meagre duty, I will venture to say, without the slightest hesitation—

An hon. MEMBER: Is that a thirty per cent duty?

Mr. STEVENS: Thirty cents a box, not thirty per cent—if these are removed the result will be, without any doubt, that the Canadian fruit grower will be squeezed and put out of business. I can take hon. members to the Okanagan to-day and show them orchard after orchard which has been abandoned during the last few years. An orchard goes to pieces in a couple of years beyond recall. What will be the result? Do you think you will get the fruit on the dumping basis? No, you will get it at prices dictated by the Washington and Oregon Fruit Growers' Association. There is no question about that. We have to face it. Let me say to my hon. friends who object to the application of this dumping clause that the growers of the Okanagan constitute perhaps one of the best co-operative agricultural or horticultural organizations in the country. They are splendidly organized. What for? Not to force Canadians to pay an unreasonable price. That is not it. They are organized to try and make a bare living out of their business and out of their chosen vocation. My hon. friend may say to me, "Well, they ought to have foreseen that", but you must remember that it takes from six to ten years to bring an apple tree into full bearing, and some take longer, while some develop more quickly; but I am well within the mark when I say that a tree cannot be expected to come into bearing in a period less than six to ten years. That is a long period. That is a long wait, and these men who planted these orchards ten or fifteen years ago could not foresee the difficulties they were going to be confronted with, nor at that time did this extreme production south of the line exist. I desire to say to the committee that the existence of this dumping clause and the fair and generous administration of it by the minister are absolutely essential to the livelihood of thousands of producers of fruit in the Okanagan and in other sections of western Canada as well as in eastern Canada.

Mr. STEWART (Argenteuil): What is the average price the grower gets for apples in British Columbia?

Mr. STEVENS: I should have to take a guess at that, because I did not come into the House prepared with the information.

Mr. STEWART (Argenteuil): I was anxious to know what the growers got for their apples.

Mr. STEVENS: This is all subject to correction, but if I recall it right, this year they got less than 80 cents a box. I take the figure 80. They are practically co-operative growers. I think perhaps the fruit growers of the Okanagan—I use the Okanagan because the industry centres around there but the same thing applies to the Salmon river, the Kamloops and the Kootenay country—have the most splendid organization for the handling of their products. All their fruit is brought into numerous central depots. It is there sorted by the most up-to-date methods. The packers are trained very efficiently, and they pack the fruit at a speed that really is far beyond what any average person could hope to attain. Therefore, every effort is made to handle this business scientifically, and yet, though they take full advantage of the co-operative movement and the most up-to-date methods, I think a little less than eighty cents a box on their varieties was the price which they received. The production cost, plus packing, plus freight and boxes, I know was beyond that point; just what, I cannot for the moment tell my hon friend, but there was a loss experienced right through the season.

Mr. WARNER: I want to draw attention to just one phase of the argument of the hon. member for Vancouver Centre. He says that the people in the West Indies would go into raising citrus fruit to supply to us if we would put a tariff on that fruit and make it so that we would have to pay more for it.

Mr. STEVENS: I made no such statement.

Mr. WARNER: That is what I took from the statement the hon. member made.

Mr. STEVENS: My hon. friend must permit me. He took it wholly wrong. The statement I made was that there was no doubt the people in the West Indies would go into raising citrus fruit to sell to us provided that we put a tariff on it.

Mr. WARNER: And give them a preference in the trade. I think I should say that to be fair.

Mr. STEVENS: A preference in the market.

Mr. WARNER: Am I wrong there?

Mr. STEVENS: The hon. member is all right that far.

Mr. WARNER: I want to draw attention to the fact that nobody in this House or, indeed, in Canada has fought against giving preference in trade where that would lessen protection, harder than the hon. member has himself.

Mr. STEVENS: My hon. friend is wrong again.

Mr. WARNER: At least, that is the impression I gather from the way in which he presents matters to the House.

Mr. STEVENS: I am sorry I apparently cannot make myself clear.

Mr. WARNER: The people on the prairie have no assurance that they are going to get their fruit for less by encouraging the people of the West Indies to go into raising citrus fruit to sell to them. If we put a tariff on that fruit, we know we shall have to pay more for it. That is what we oppose, and we cannot wait for citrus fruit or any other kind of fruit until they get their orchards going in that country. I want to see my hon. friend using logical arguments when he argues about protection to the fruit grower. I am quite willing that the man who is in the business should raise fruit in Canada for me to eat, and I want to eat it. But I do not want to be asked to wait for a new orchard to grow or to pay so much that I cannot afford to buy the fruit and, perhaps, soon be out of business and therefore not be able to buy any fruit at all.

Mr. FOURNIER: Mr. Chairman, do you not think we have considered this matter long enough—an hour and a half? Do you not think this House should attend to business.

Mr. KELLNER: As regards the statement of the hon. member for Vancouver Centre that it was necessary to enforce the dumping clause in order to keep out United States fruit, and that the industry had been built up in that country by using similar tactics, I maintain that at the present time, our duty, without any dumping duty at all, is about the same as the duty which he calls a prohibitive duty on fruit going into the United States. The dumping clause was not uniformly used to maintain the western market for British Columbia fruit because, at the very time it was used to keep fruit out of the prairies the city of Vancouver was importing Washington apples.

Mr. SPENCE: When did British Columbia import Washington apples?

Mr. KELLNER: Last August.

Mr. SPENCE: What quantity did British Columbia import at that particular time?

Mr. KELLNER: I am not an encyclopedia. I do not know the quantity imported.

Mr. SPENCE: British Columbia has had a big surplus of apples and has never had any need to import any.

Mr. KELLNER: The hon. member for Parkdale takes a good deal of exception to my statement that apples from Washington went into Vancouver. I heard him state this afternoon that he sometimes bought fruit from the United States. He frequently rises in his place and tells us just how we ought to conduct our business in the West. By the way, it may be of interest to call the attention of the committee to where Parkdale is. It represents as regards Toronto about the same position as a certain district does in regard to New York which George Ade made famous and possibly a little bit ridiculous in one of his songs:

> Only forty-five minutes from Broadway
> And nothing at all to do,
> But stroll down to the depot
> And see the trains go through.

I wish to call to the attention of the committee a telegram which was sent to the Growers Sales Agency from the British Columbia growers under date of August 24, 1923. There were several other telegrams preceding this one in which they had been ordering fruit from the growers and there had been some dispute. The growers did not wish to live up to the terms of the arrangement which they had previously made and they wanted to deliver a less quantity of fruit than they had previously agreed to deliver. This is the telegram and it also includes the price:

> Regarding price Elbertas it was our understanding we were compelled meet competitors price from Washington and our idea in advising quantity was for purpose having you reserve sufficient outlet your market this quantity inasmuch as our fob quotations are always disregarded and it is impossible for us to get more than Washington is quoting, we cannot see advantage naming price until they ready move. We would, however, be satisfied with eighty-five cents fob Okanagan please advise as we do not want any more misunderstandings.

That is as far as I will read the telegram. There are three or four lines which are not germane to the subject. But you will notice in August last they were paying eighty-five cents for British Columbia apples and not somewhere around fifty or eighty cents as the hon. member for Vancouver Centre mentioned a short time ago.

Mr. STEVENS: I said the grower.

Mr. KELLNER: I do not understand the statement. I presume if the grower got fifty or eighty cents, the jobber was paying it. This is a telegram to the growers from the dealers and most assuredly if the dealers are paying eighty cents, the jobbers are getting that, that is, f.o.b. Okanagan points, as quoted in the telegram. I want to reiterate that personally it is not with the intention in any way to hamper the fruit growing industry that I object to this dumping clause being administered. I think it manifestly unfair that the prairie provinces should be asked to pay for fruit a greater price than is charged in Vancouver when the grade is admittedly poor; and there is no justification for the anti-dumping clause to be introduced into the prairies to keep fruit out of that part of the country while fruit is being shipped into Vancouver city from Washington points.

Mr. LADNER: Does the hon. member know how much more the prairie man pays for the fruit in consequence of the application of the anti-dumping clause? How much would he save if the clause were repealed? Many speeches are made about this matter but no one appears to know what the position is.

Mr. KELLNER: That has nothing to do with the situation.

Mr. LADNER: Suppose you paid one cent more, would you put these people out of business?

Mr. KELLNER: I would put the system out of business whether I paid a cent or half a cent; the system is unjustifiable.

Mr. EVANS: I want to say a word or two to enlighten hon. members from Vancouver. I hold in my hand a letter from the Associated Growers of British Columbia; it is signed by one Thomas Bulman, a gentleman whom I know very well, and this is what he says:

> The Americans and ourselves are now producing a very much larger quantity of fruit than our domestic markets can absorb. About one-third of our crop has to find markets outside Canada and as there is only a portion of the crop suitable for export on account of size or variety it is essential that the Canadian markets be protected from the American surplus so that our fruit which cannot be exported may find a market.

So that in answer to the hon. member for Vancouver Centre (Mr. Stevens) I can only say that it appears that the British Columbia people want to protect the prairies against competition so that they can get rid of their culls.

Mr. LADNER: Mr. Chairman.—

Mr. STEVENS: That is not fair.

The CHAIRMAN: Order. This debate is getting far beyond the item under discussion and for two hours it has been more or less irrelevant. The hon. member has had an opportunity of speaking once before concerning this matter and he is now merely pursuing the question whether or not the legislation is advisable or proper. He is not discussing the administration of the act or the question of cost, with which the item has to do.

Mr. EVANS: I submit, Mr. Chairman, that what I am about to say is relevant.

The CHAIRMAN: The present discussion would be in order in the debate on the budget or on the Address in reply to the Speech from the Throne, but it is hardly relevant in the present instance. The hon. member is out of order but I do not want to interrupt him precipitately. I take it that he has about concluded.

Mr. COOTE: The debate is winding up as I thought it would. When the hon. member for Vancouver Centre was making his half hour speech I was satisfied that the debate would be shut off soon after he had finished.

The CHAIRMAN: Order. The hon. member has no right to reflect upon the ruling of the Chair. It was agreed that this item would stand to suit the convenience of an hon. member, and I shall proceed to call the next item.

Item stands.

Miscellaneous, $450,000.

Mr. BUREAU: There is a decrease of $100,000.

Item agreed to.

To provide for expenses of maintenance of revenue cruisers and for preventive service, $290,580.

Mr. STEVENS: Will the minister give us a brief idea in regard to the expenditure of this money for preventive service? To what extent has that service been increased on the Pacific coast, and are aeroplanes being used now, and to what extent?

Mr. BUREAU: We are using aeroplanes to some extent on the Pacific coast but at no expense to the department. The service on the Pacific coast is being improved both on the Pacific highway and at the coast; and we have now under consideration the construction of a number of fast motor boats to follow up smugglers of narcotics and liquors particularly. The Pacific coast has required a lot of additions owing to increased business and the great number of ships which now come into port as compared with previous years. The same thing applies on the Atlantic. We have had complaints that sufficient patrol was not exercised along the coast. There are various small harbours and islands along the Atlantic coast just as there are on the Pacific and they are very favourable to the smuggling enterprise.

Mr. COOTE: How many cruisers are there?

Mr. BUREAU: There is just one cruiser proper, the Margaret, which does service in the gulf of St. Lawrence and on the Atlantic coast. We have also a number of auxiliary ships that patrol the coast, such as the Grib, the Sagamore, the Edna H. and the Vagrant. These boats are engaged in patrolling the coast of Prince Edward Island, Cape Breton and the Straits where conditions are propitious for smuggling. There is also one on the British Columbia coast, the Winnamac.

Mr. COOTE: What particular class of goods are these smugglers bringing?

Mr. BUREAU: Liquor and narcotics.

Item agreed to.

Amounts to be paid to Department of Justice to be disbursed by and accounted for to it, for secret preventive service, $10,000.

Mr. MacLEAN (Prince): Will this item conclude the list?

The CHAIRMAN: No. The hon. member for Weyburn (Mr. Morrison) and the leader of the opposition (Mr. Meighen) have asked that the item regarding bonded warehouses be allowed to stand.

Mr. BOYS: I believe the understanding was that it would stand in order to give the minister an opportunity to find some letter which was missing from the file, and the hon. member for Weyburn an opportunity of more carefully reading the file than he had been able to do up to this afternoon. That is what I understood the minister had agreed to.

Mr. BUREAU: I will agree to anything, but I want to put the matter before the House as it actually is. The contention was that the local authorities in Saskatchewan had disclaimed all responsibility for the granting of licenses to bonded warehouses, and the hon. member for Weyburn declared that he had seen a letter of protest from the Attorney General of Saskatchewan against the granting of such licenses. He claims that the letter which he saw in Regina is not on the file. During recess one of the officers of the department in charge of this particular branch searched the records and found that no licenses had been issued for customs bonded warehouses in Saskatchewan since I became minister. Consequently whether that letter of protest was sent or not—and it might have been in anticipation; I do not know—since no licenses were issued I do not see the use of keeping this item open.

Mr. BOYS: I am not holding a brief for the member for Weyburn (Mr. Morrison) in the matter at all. I was appealed to by the Chair and I merely stated the understanding I have of what took place this afternoon. I am absolutely ignorant of the situation except from what I have heard during the discussion, but it did seem to me there was a suggestion that the Attorney General of Saskatchewan placed responsibility on the Minister of Customs; while on the other hand, the Minister of Customs says that he issued no license. It is simply to clear up the matter that it was suggested the item should stand; also, to provide an opportunity for locating the missing letter referred to by the member for Weyburn.

Mr. BUREAU: The cause having disappeared I thought the effect was null.

The CHAIRMAN: The second item stands for production of the file, if it is available.

Mr. MacLEAN (Prince): Mr. Chairman, I understand there is a treaty or arrangement between Canada and the United States whereby pure bred live stock for breeding purposes is allowed to pass between the two countries free of duty. This arrangement is lived up to apparently, with one exception, which affects the province from which I come. The breeding of fur-bearing animals has now become a very large industry throughout the Dominion, particularly the breeding of silver black foxes in Prince Edward Island, which are registered by the National Records office the same as any other pure bred live stock. Our friends in the United States charge a duty of 15 per cent on such live stock, whereas they are allowed to bring their stock in here free of duty. If Canadians are compelled to pay this duty, it seems to me it is only fair that the Ameri-

cans should be treated in the same way or else they should recognize that silver black foxes are included in the arrangement referred to. I should like to hear from the minister in regard to this. I might also state that the fur trade between Canada and the United States has been very large. This question may not come under the present vote—

The CHAIRMAN: That is the conclusion I have come to.

Mr. MacLEAN (Prince): —but with your permission, Mr. Chairman, I should like to bring this to the attention of the committee.

The CHAIRMAN: The committee has the last word.

Some hon. MEMBERS: Go on.

Mr. MacLEAN (Prince): All furs are allowed into the States free of duty except silver black fox furs, on which a duty of 50 per cent is imposed, which is prohibitive. I have it from the Fur Merchants' Association in the United States, which is a very strong organization, that if representations were made by the Canadian government to Washington some relief could be obtained, the duty having been imposed at the request of a few American breeders. It may be thought that this does not affect Canada very much, but I would point out to the committee that it is a very serious matter. We have big fur auctions in Montreal every year, and these have been largely kept up by American buyers, who purchase silver fox furs and take them to the American side for sale or for shipment to the fur sales in London. The 50 per cent duty has practically prohibited the continuance of this practice. As a consequence the industry is hit very hard, and I am sure that if negotiations were taken up with the authorities at Washington some relief could be obtained. I refrain from discussing the matter further and will content myself by asking the minister if there is any treaty or arrangement with the United States regarding the interchange of pure-bred live stock.

Mr. BUREAU: Mr. Chairman, I am sorry I cannot answer my friend, as this is a matter which would belong to the Department of Agriculture, and my hon. friend the Minister of Agriculture (Mr. Motherwell) will be in a better position to answer the question. The Department of Customs has nothing to do with such treaties except to collect whatever duties may be imposed.

The CHAIRMAN: Shall the last item for secret preventive service, $10,000 carry?

Some hon. MEMBERS: Carried.

The CHAIRMAN: Carried.

Item agreed to.

The CHAIRMAN: Vote 364 remains open.

Mr. BUREAU: So far as one item is concerned.

The CHAIRMAN: Yes.

DEPARTMENT OF THE INTERIOR

Administration of the Migratory Birds Convention Act, $50,000.

Mr. WALLACE: Mr. Chairman, I do not know whether the information I require should be asked for under this item, but can the minister tell me if there is any provision in his department for setting apart certain local areas for the protection of birds? I believe they are designated as bird sanctuaries.

Hon. CHARLES STEWART (Minister of the Interior): Yes, throughout Canada there are certain areas set apart for migratory and game birds where hunting is prohibited.

Mr. WALLACE: What protection is afforded by the department?

Mr. STEWART (Argenteuil): We have certain officers whose duty it is to administer the act in conjunction always with the local provincial game wardens. Most of the protection we get from these wardens. An agreement is usually made with the provincial authorities before the sanctuaries are established.

Mr. FORKE: Are any of these sanctuaries situated in the prairie provinces?

Mr. STEWART (Argenteuil): This is the list of bird sanctuaries:

Nova Scotia: Seal and Mud islands and vicinity.
Quebec: Bird rock, Bonaventure island, Perce rock.
Ontario: The provincial authorities of Ontario do not favour the creation of sanctuaries under the Migratory Birds Convention Act, in Ontario, claiming that the provincial law provides adequate protection.

There are no sanctuaries in Manitoba as yet; they are to be created. In Saskatchewan there are sanctuaries at Last Mountain lake, Indian Head nursery station, Sutherland nursery station, and eleven other sanctuaries are proposed as follows:

Johnson, Chaplin, Basin, Lenore, Big Stick, Crane, Manitou, Cabri, White Bear, Quill and Redberry lakes.

In Alberta we have sanctuaries at:

Many Islands, Pakowki, Birch, Buffalo, Miquelon, Ministik, La Biche, Rideau island and Calgary.

It is proposed to establish sanctuaries also at lake Newell and Bow River reservoir. In British Columbia we have sanctuaries at Vaseaux Lake and Victoria Harbour.

Mr. FORKE: I would like very much if it had been possible to create a sanctuary for the Franklin gull in Manitoba. That is the gull that is a great destroyer of grasshoppers, and it does no one any harm.

Mr. MILLAR: Does this mean that all birds are protected in the Indian Head nursery?

Mr. STEWART (Argenteuil): Yes.

Mr. MILLAR: I have seen crows there in thousands, so numerous that they are very destructive to fields of oats.

Mr. STEWART (Argenteuil): We do not protect crows, of course.

Mr. MILLAR: What birds are protected?

Mr. STEWART (Argenteuil): All the game birds, but crows are on the free list; you can shoot them on sight.

Mr. GOULD: Why is there a reduction of $5,000 in this item?

Mr. STEWART (Argenteuil): A considerable amount of the preliminary work has been done in connection with this vote, and we think we can get along with a little less. We could spend more money, it is true, but we have to economize wherever we can.

Mr. GOULD: The work will not suffer as a result of this $5,000 reduction?

Mr. STEWART (Argenteuil): No, we hope as time goes on to get more assistance from provincial game wardens, who are under salary from the provincial governments.

Mr. GOULD: I think it is generally appreciated that we should foster birds throughout the country. The dearth of birds has been considered the cause of many outbreaks of insects in the West, particularly in dry years. If we have lots of birds around it will minimize to a great extent the evils that come as a result of insects, and if an extra $5,000 would assist materially in bringing this work to a point where it would be of greater benefit, I would suggest that the item should not be reduced.

Mr. STEWART (Argenteuil): I am very glad to hear my hon. friend say that, because in work of this kind, as in forestry and kindred matters where we are adopting preservative measures, it is purely a question of educating the public. I am receiving a large number of protests from people living in the vicinity of these sanctuaries, particularly in the settled areas, complaining that they are creating a weed nuisance and other evils. It is a matter of education, pure and simple.

Mr. MILNE: Is there any co-operation between the provinces and the department in establishing these bird sanctuaries?

Mr. STEWART (Argenteuil): Oh, yes.

Mr. MILNE: I understand that Manitoba has an organization for this purpose at the present. Have they made application for assistance in any way?

Mr. STEWART (Argenteuil): We are working in co-operation with all the provinces, but some of them, Ontario for instance, have not thought it necessary as yet to establish bird sanctuaries, believing that the breeding is going on satisfactorily. To show you the interest that is taken in this matter, just recently on the marsh at Burlington, right near the city of Hamilton, we established a bird sanctuary. Interest is growing in this work, particularly in the settled areas. In the unsettled areas it is not so important, because there is plenty of protection. In Manitoba there is every evidence of interest.

Mr. BROWN: Was there not a bird sanctuary created at Jack Miner's place in Essex county?

Mr. STEWART (Argenteuil): Yes, that is a provincial sanctuary.

Mr. HOEY: A voluntary organization was established in Manitoba some two months ago, and I bought a membership card just prior to my departure for Ottawa. It is working independently of the provincial government altogether.

Mr. WALLACE: What sort of co-operation is there between the two governments in connection with the sanctuary at Hamilton?

Mr. STEWART (Argenteuil): Ontario, owning its resources, works out the whole thing. We simply co-operate with them in protective measures. They are really in control. We cannot control the situation.

Mr. WALLACE: What is the nature of the co-operation of the federal government?

Mr. STEWART (Argenteuil): We carry on an educative propaganda, and try to assist any such organization as my hon. friend from Springfield has mentioned, and the provincial governments, in setting aside areas for the protection of wild life.

Mr. GARDINER: What obligation is there on this country with regard to the United States under the Migratory Birds Convention Act?

Mr. STEWART (Argenteuil): That will all be found in the Migratory Birds Convention Act. Each country undertakes protective measures, and takes responsibility for applying them. I might say, in passing, that it sometimes works a little hardship in the north country where the natives have been in the habit of killing game birds when they return in the spring. Sometimes they are in rather desperate straits for food, but we are trying to the best of our ability to carry out our undertakings under that convention without creating hardship.

Mr. MACLEAN (York): Around Toronto, right in the township of York, the lead that has been taken by the government in protecting wild birds has met with great success, and only last summer I saw very distinct evidence of that in the portion where I live. Not only was something being done by the government, but by the inhabitants of the township as well, by putting up bird retreats and bird houses, and the result is that you can hear any number of songsters there now that you could not hear years ago.

Mr. GARDINER: Is it obligatory under the convention for this country to provide sanctuaries?

Mr. STEWART (Argenteuil): Yes, that is one of the terms.

Mr. GARDINER: How do you manage to carry out that undertaking in provinces that have control of their own natural resources?

Mr. STEWART (Argenteuil): We are under no obligation to enforce measures. It is well understood under the convention that we are to work in conjunction with the provinces. We have no authority to go into any province owning its natural resources and compel the establishment of sanctuaries. We could do that in the three prairie provinces, but that is not the method we pursue. It is rather one of co-operation with the provinces, and it is of very great assistance to the department and the officials in charge to have voluntary associations working in conjunction with them.

Mr. MacLEAN (Prince): There is a feeling in some sections of the country that the Americans take advantage of this treaty. It is claimed that early in the year when the birds are commencing to move north along the Atlantic coast the slaughter of birds is permitted in United States territory up till, I think, the last day of February or some time in March. The people of Nova Scotia and Prince Edward Island feel that when they are prohibited from shooting birds at that season the same restriction should apply in the United States.

Mr. STEWART (Argenteuil): Of course the main feature of the treaty is the prevention of the spring shooting when the birds are returning to their breeding ground. The Americans have undertaken that there should be no shooting in the United States after the 31st January.

Mr. MacLEAN (Prince): That arrangement has been made lately.

Mr. STEWART (Argenteuil): It is a provision of the treaty.

Item agreed to.

Engraving, lithographing, printing and preparation of maps, plans, reports and kindred publications of the Dominion, including salaries and necessary materials for same, etc., $137,495.

Mr. STEWART (Argenteuil): The increase here is due to three items. I may say that $7,770 is required for the work of two engineers who are engaged in field studies of development problems. Their purpose is to establish direct touch with business men, boards of trade and other commercial bodies who are in a position to give first hand information on resources that are available for new development, or on openings for sound industries based on Canadian raw materials. The total cost of this new work will exceed $12,000, but roughly speaking $5,000 of this additional expense is being met by economies in other directions such as in the consolidation of mapping work.

In the next place $3,000 is required for a new edition of "Canada—Natural Resources and Commerce." This publication has met with an exceptional demand from banks, bond companies, and so forth, who through their British and American offices are directly engaged in attracting investment funds to the Dominion from abroad. It will be necessary very shortly to prepare a new English edition as well as to publish a French edition.

Then $6,025 is required to permit a start to be made on the publication of a loose-leaf economic atlas. The Atlas of Canada issued in 1915 is now obsolete in many respects. To revise and reprint it in its present form would cost about $45,000. By issuing loose-leaf form, the initial cost will be spread over several years and replacement costs thereafter will be reduced to the minimum.

These are the explanations for the items of increase. I may say that these are only items in the whole of these estimates in which there is an increase, the reason being that we are providing for the preparation of a very great number of maps, and also trying to bring to the attention of the investing funds both within the Dominion and outside as well, the possibilities for investment in Canadian resources. That is the object of the expenditure of this money. I have felt, notwithstanding the great need for economy, that I was warranted in asking parliament for a slight increase for this particular purpose, believing it will yield a very splendid return for the investment.

Mr. BOYS: When does the minister expect to have the maps printed and ready for distribution?

Mr. STEWART (Argenteuil): There is one other matter I neglected to mention. I propose to charge for some of these maps. We have not been doing so in the past to any great degree, but I believe that by doing so we will more than make up the increase in this item. The charge will be made with discretion. We are not going to exact it in the case of school districts, and municipalities. Sometimes, however we have a demand for one or two hundred of the maps to be used for semi-private purposes and in such cases we propose that a nominal fee shall be paid in order to take care of this work.

Mr. CHURCH: Some of the departmental reports are too bulky; they contain too much detail.

Mr. MARTELL: I am thoroughly in accord with the minister's proposition, but I hope that no legitimate request from any school section or any public body in Canada for a reasonable supply of these maps free of charge will be refused. In the past, school sections have always been supplied with maps when they asked for them, and I feel that the best way to get the youth of the country fully acquainted with the possibilities of Canada is by the circulation of these maps. Such a course, which is calculated to keep our young people at home when they arrive at maturity, is preferable to inducing foreigners to settle in Canada at the public expense. In my opinion one good Canadian is worth fifty foreigners brought in from outside.

Item agreed to.

[Mr. C. A. Stewart.]

Grant to Alpine Club of Canada, $1,000.

Mr. WALLACE: Does the minister think we get a thousand dollars worth of value out of this vote?

Mr. STEWART (Argenteuil): Yes, I think we do. This club published a great deal of literature. As my hon. friend knows we are spending a considerable amount of money on our parks, and quite a number of people are being attracted to Canada from the continent of Europe and the United States. Some of these people like to climb mountains and the publication of the Alpine Club serves a very useful purpose in that connection. I am told that the greater part of this vote goes to the preparation and publication of the club's report which, from an advertising standpoint, is very useful in attracting tourists to the country and adding to the revenue of our railways. In the main these tourists spend considerable money in Canada and I imagine we are getting a very fair return for the expenditure of this amount.

Item agreed to.

Seed grain advances—amount required to meet uncollected portions of advances of seed grain made in the western provinces by the chartered banks to holders of unpatented Dominion lands under the guarantee of the Dominion government; also for clerical assistance, travelling expenses etc., $50,000 .

Mr. MILLAR: We should like to have a little information about this item?

Mr. STEWART (Argenteuil): This is an amount that is needed to clear up the collection of the seed grain accounts. Last year some exception was taken to the vote, but we have to maintain a staff whose duty it is to keep track of and collect from the individuals who still owe for seed grain. As my hon. friend knows in years of stress we do not collect very much, at such times we are not insistent, but we must of necessity maintain a staff to keep in touch with those who owe money and do everything possible to get these outstanding accounts cleaned up. The same thing applies to a vote later on.

Mr. MILLAR: What progress is being made in collecting?

Mr. STEWART (Argenteuil): Last year $268,000 was collected.

Mr. FORKE: The minister makes it plain that he is not using any surplus from the wheat pool.

Mr. STEWART (Argenteuil): Oh, no.

Mr. FORKE: That remains intact.

Mr. STEWART (Argenteuil): That is a trust fund.

Mr. FORKE: I hope it is.

Mr. GARDINER: What was the cost of collecting the amount which was received last year?

Mr. STEWART (Argenteuil): The cost was $60,000.

Mr. GARDINER: To collect $268,000?

Mr. STEWART (Argenteuil): Yes. That is occasioned by the fact that we do a lot of work for which we get no return. We have to keep a staff. I went into this matter rather thoroughly, because we are endeavouring to cut down our staff wherever we can. We are now collecting the fag ends, which are most difficult to collect. Nevertheless we must keep track and bill every individual who owes us if we are to clean it up. It costs us twenty-one per cent to collect.

Mr. GARDINER: Does the minister send out collectors, or merely bill them?

Mr. STEWART (Argenteuil): I do not think we have any collectors in the field; we just bill them. We have our regular field officers, such as the homestead inspectors, who are once in a while instructed to visit these people and ascertain why we are not getting our money, and recommend, if necessary, drastic action.

Mr. GARDINER: Would it not be possible to collect these uncollected seed grain liens through the Soldier Settlement Board, and perhaps do it more efficiently?

Mr. STEWART (Argenteuil): I do not think very much would be accomplished by sending the actual collectors out on the ground. I am rather opposed to any drastic action. Usually honest people will pay upon demand if they are able to pay; and if we find an individual from whom we cannot get any response, then the nearest homestead inspector will visit him and report upon his case. These claims all represent liens upon the land, and I think it would be a mistake to be too drastic in forcing collection.

Mr. GARDINER: I do not intend to suggest taking drastic action in collecting the seed grain liens. I am quite aware of the fact that the people who owe the money to the government are usually not in a position to pay very much on their indebtedness, but the suggestion I made was that, instead of sending out homestead inspectors at considerable cost, the staff of the Soldier Settlement Board might be utilized.

Mr. STEWART (Argenteuil): I think the suggestion is a good one except for the fact that this is largely work done down here in our central office. The bookkeeping, and the billing and everything in connection with it would all have to be done here. The mere visiting of the individual who is delinquent is not required in very many cases. It is, however, in some cases; and in such cases our homestead inspector can do it. There would be no reason why the Soldier Settlement official could not do it, except that he would not be very familiar with that particular work.

Mr. GARDINER: Could the minister tell how much is outstanding now?

Mr. STEWART (Argenteuil): In the three provinces we have outstanding on principal $3,751,775, and on interest $1,504,996.44, or a total of $5,256,771.44. The $3,000,000 unpaid is the remaining amount of the $18,000,000 advanced.

Mr. GARDINER: What is the rate of interest?

Mr. STEWART (Argenteuil): Six per cent is the ordinary rate, and on an overdue account seven per cent.

Mr. BOYS: Is $50,000 the full amount now in arrears?

Mr. STEWART (Argenteuil): Oh no. I just gave the amount, $5,000,000 odd.

Mr. BOYS: Is that the full amount in arrears?

Mr. STEWART (Argenteuil): Yes, that is all in arrears. There have been no issues recently, so that it is all in arrears just now.

Mr. BOYS: What is the total amount unpaid?

Mr. STEWART (Argenteuil): The amounts are $3,751,775 of principal, and $1,504,996.44 of interest, making a total of $5,256,771.44.

Mr. BOYS: The item in the estimates reads:

> Seed grain advances—amount required to meet uncollected portions of advances of seed grain made in the western provinces by the chartered banks to holders of unpatented Dominion lands under the guarantee of the Dominion government; also for clerical assistance, travelling expenses, etc., $50,000.

How is it you can get rid of a liability such as the minister has mentioned by providing $50,000, if it is all overdue?

Mr. STEWART (Argenteuil): This amount is only for the purpose of paying our staff engaged on this work. I might explain that

after the item was drafted we changed the wording but when estimates were sent over to the Finance department, through an oversight, they did not adopt our new wording, and it is somewhat ambiguous. This is merely payment for the service of the staff.

Mr. BOYS: I would say it is more than ambiguous. It is absolutely wrong. I am not offering any criticism. It says that it is "to meet uncollected portions of advances", and that is not so. It is just for clerical services and travelling expenses.

Mr. STEWART (Argenteuil): We ask for $50,000 as an amount required to pay the expenses connected with seed grain and relief collections. They did not adopt that wording, and we did not notice the difference in the wording.

Mr. LEWIS: I think possibly just a little injustice is done by this department to some of the municipalities and to some of the village councils. The minister said a moment ago that the security of the seed grain liens was upon land, but in some instances, when the grain was advanced to farmers, they also put in as security village lots. Since that time a good many of the farmers have not been able to pay their taxes upon the village lots, with the result that the village lots have been bought by the villages at the tax sales. Now as a result of the seed grain lien still being held upon these lands, they are unable to get title, and are just as badly off as they were before. They bought the lots and I understand application has been made to the minister to release the seed grain liens upon village property, so that the village councils can sell the lots and get the results of the tax sales. But so far there has been no relief, and I ask the minister if he could not give relief to municipalities under those circumstances.

Mr. STEWART (Argenteuil): I am informed that in 1915 when the last redistribution was made, an individual who happened to own village property as well as his farm land, had all the property owned by him placed under the lien. This is something new to me, but I am advised that in many cases where we have ample security on the farm lands, the village property has been released. As my hon. friend well knows, it is not a very good thing to release security until the debt is paid. We have endeavoured to meet legitimate requests for relief where we, of course, are protected ourselves, because we would be subject to a great deal of criticism if we released security and took chances of a loss. Wherever an individual has farm lands upon which a lien was placed, there would be no objection to releasing the village property provided that the farm land afforded ample security.

Mr. LEWIS: The instances I could cite are these, that the farmer left the land, left the district. He possibly made a small payment on the village lot and then it was put up for sale to meet unpaid taxes. No one bought it, so the village bought it in in order to resell it and it cannot get title to the property until the seed grain lien is removed.

Mr. STEWART (Argenteuil): None of those cases has been brought to my attention. I would be glad to deal with each of them that might be brought up, upon its merits.

Item agreed to.

To cover defalcation of A. C. Oxley, seed grain collector, for amount paid to him by Jacob Schneider in November, 1917, $334.55.

Mr. McQUARRIE: Will the minister explain this item?

Mr. STEWART (Argenteuil): This is a case in which a collector named Oxley received from Jacob Schneider $334.55 as payment for seed grain indebtedness against a certain quarter section. He issued the sub-agent of Dominion lands' receipt for the money, but the money was never received by the department. Oxley was guaranteed by the Ocean and Accident Company for $3,000. His bond was cancelled on November 8, 1918; that is before we discovered the defalcation. In order to clear the land with the treasury, we have to issue the official receipt and we require this appropriation. We must vote this money.

Mr. McQUARRIE: Have proceedings been taken against Oxley?

Mr. STEWART (Argenteuil): He is out of the country and we have been unable to locate him.

Mr. DOUCET: The defalcation happened before the bond was cancelled. The company must be responsible for the amount even if the defalcation was not detected until the bond was released.

Mr. STEWART (Argenteuil): The difficulty in this particular case was this. We find in western Canada that even transfers take place with seed grain liens attached. I know of one particular case in my locality which occurred before I came to Ottawa, in which a transfer had taken place and an innocent man was billed for the lien against property that he had purchased from an individual who moved

out of the country and went to the United States. A great deal of difficulty was experienced in straightening that out. This was a case in which the man collected the money, made no return, and his bond had expired before the defalcation was discovered. When we billed Schneider we found that he had paid the money to Oxley and had his receipt. In the meantime Oxley was out of the country, the guarantee company's bond had expired and we had no recourse against the company. It might be inferred that some official should be made to account for this, but it can very easily happen. The only notification we get is when we bill the individual for the money, and in many cases, as my hon. friends who live on farms know, we get no response. This is a case that has happened just in that way.

Mr. BOYS: Was the defalcation made during the life-time of the bond?

Mr. STEWART (Argenteuil): I imagine it was.

Mr. BOYS: Why would the company not be responsible?

Mr. STEWART (Argenteuil): This happened in 1917, long before my day. I cannot tell the committee why action was not taken against the company, but I doubt if action could be sustained against the company after the expiry of the bond when no demand was made. My hon. friend will know that better than I.

Mr. BOYS: I quite agree that it would depend on the wording of the bond no doubt but it struck me that, merely because the bond had expired, that might not be sufficient. This, however, is not a very large item and I will not detain the committee.

Mr. MILLAR: When did the department discover the defalcation?

Mr. STEWART (Argenteuil): In 1921.

Mr. MILLAR: Four years afterwards.

Mr. STEWART (Argenteuil): I am told that Schneider was billed repeatedly, but never responded, so that the defalcation could not be discovered until he produced the receipt, naturally the assumption in the department being that Schneider owed the money.

Item agreed to.

Amount required to provide relief by way of necessary supplies of food, clothing, fuel, etc., also fodder for animals, to needy settlers of the provinces of Alberta and Saskatchewan by co-operation and agreement with the provincial governments or otherwise, and under regulations to be made by the Governor in Council, $100,000.

Mr. CHURCH: Somewhat similar conditions have existed in the northern part of New Ontario during the past few years and there was considerable distress which required emergency relief. I would urge upon the government that the principle of this appropriation should be extended from Alberta and Saskatchewan to New Ontario where a good deal of emergency relief is required and the provincial goverment have been responsible for it. New Ontario is a district which has been very much overlooked by this legislature. For example, the government of Ontario have to build their own provincial railway from the Transcontinental up to James bay. This legislature would not give them a grant. In Manitoba this was built by the government of Canada. I am not opposing this grant because no doubt this relief is badly needed and the money is wisely and well expended, but some consideration should be given as regards similar conditions of emergency relief in the northern district of New Ontario.

Mr. STEWART (Argenteuil): It would be well to recite how this comes about. This is not a direct obligation of the federal government. As my hon. friend knows, in Ontario all the resources are owned by the provincial government. In western Canada the resources are owned by the federal government. This sum represents really 50 per cent of the loss sustained. These obligations were incurred by the municipalities, the municipalities obligating themselves in the first instance. A secondary obligation was by the provincial government, and then an arrangement was entered into between the provincial government and the federal government that where the money was borrowed by the municipalities from the banks and where the municipalities were unable to collect and the banks refused to carry the loan longer, the two governments became liable for 50 per cent of the losses.

That does not mean that the money or some portion of it will not be collected eventually. The two governments are responsible on a 50 per cent basis for the amount that cannot be collected, and the only liability the federal government is assuming is a half responsibility with the province for such sums as might not be collected by the banks who loaned the money to the municipalities in the first instance.

Mr. ARTHURS: I see no difference between the situation as stated by my hon. friend (Mr. Church) and such a situation as might occur in any province where the Dominion owns the land. It is a matter of distress in any event, and I see no reason why the government should assume responsibility for a situation of that kind in Alberta and not in Ontario. As pointed out by my hon. friend, the Ontario government has largely come to the relief of settlers in parts of the province where they are exposed to exactly the same dangers and where they have had in the past at least, precisely the same difficulties, and probably in many instances greater difficulties than have ever been experienced in any of the provinces mentioned by the minister.

Mr. CHURCH: Last fall the Lieutenant Governor of this province, as well as the premier of the province and the Hon. Dr. Cody, former Minister of Education, went over the James bay district. They came in contact with untold distress and witnessed many hardships in that vast hinterland of Ontario where the people are cut off from all communication in the winter. The district is inaccessible, there is hardly any medical attendance which the people can fall back upon, and there are no modern appliances of any kind; but the government of Ontario is doing its part to relieve the situation. And similar conditions exist in northern Ontario. I am not objecting to anything being done for either Alberta or Saskatchewan, but I do urge the minister to consider favourably the case for those settlers in Ontario who are in need of relief. We have in northern Ontario a vast new country which has been left to shift for itself, and no one will settle there. The early settlers in that part of the province faced many privations and they are to-day denied the conveniences which the people in well favoured parts of the Dominion enjoy.

Mr. MARTELL: If the Venerable Archdeacon Cody visited the district on a government delegation what was his report?

Mr. CHURCH: I am just asking the minister to let us have equality of treatment for all the provinces in these votes, which are supposed to be for the general advantage of Canada and not for the good of any particular province. When one province is given the benefit of the vote, any other province in which equally deserving conditions exist should be given the same treatment. If there are circumstances that call for relief in Nova Scotia that province is entitled to that relief just as much as the others.

Mr. MARTELL: I was not complaining.

[Mr. C. A. Stewart.]

Mr. STEWART (Argenteuil): The conditions are not identical as between Ontario and the West. The federal government owns all the lands in western Canada; the provinces do not own a foot of them. The lands in that part of the Dominion come under the jurisdiction of the provinces only when they pass into private hands, and the federal government to-day is getting a revenue from those lands which it is not receiving from Ontario.

Mr. ARTHURS: After the lands are preempted, when they come under the control of the settler in the West, the Dominion government has no more control over them than it has in northern Ontario. So that the situations are exactly similar.

Mr. STEWART (Argenteuil): No. In Ontario all your mines are owned by the provincial government; and the forests all belong to the province. That is not the case in the West.

Mr. ROSS (Kingston): Are the mines in the West not owned by the provinces?

Mr. STEWART (Argenteuil): No, by the federal government.

Mr. ROSS (Kingston): All?

Mr. STEWART (Argenteuil): Those that have not passed out of our control by sale or otherwise.

Mr. ARTHURS: As I undertsand it, this vote is for the relief of distress in certain provinces.

Mr. STEWART (Argenteuil): My hon. friend has not caught my meaning at all. The situation in Ontario is so dissimilar from that in the West that I cannot understand why there should be any controversy on the matter.

Mr. ARTHURS: Is this vote, or is it not, for the relief of distress in certain provinces?

Mr. STEWART (Argenteuil): Yes, it is for relief of distress, that is true; but the federal government owns the land in the West.

Mr. ARTHURS: That makes no difference.

Mr. STEWART (Argenteuil): Oh, well, if it makes no difference I have no argument, I am through. What I was going to say was that as the federal government had an interest in the West, inasmuch as it owned the land, it should go to the rescue of those people. In this case it has not done so.

Mr. ARTHURS: Then why the vote of last year?

Mr. STEWART (Argenteuil): For this reason. The municipalities took upon themselves the responsibility for any losses that might occur, and as the federal government was an interested party we divided the responsibility between the provincial and the federal authorities.

Mr. ARTHURS: The minister cannot get away from the fact that when these lands are alienated from the Crown and come into the possession of the settler they are no longer under the control of the federal government.

Mr. STEWART (Argenteuil): That is true.

Mr. ARTHURS: Therefore they are in exactly the same position as the lands occupied by settlers in any other province in which the province owns the land. This vote is to provide relief by way of necessary supplies of food, clothing, fuel, and so on, for certain settlers; and as the situation in Ontario is identically the same as that in western Canada there is no reason why the same relief should not be given in the former province.

Mr. STEWART (Argenteuil): My hon. friend must not forget that the homesteaders are included in this list—

Mr. ARTHURS: That may be.

Mr. STEWART (Argenteuil):—and they are on property that may revert to the federal government.

Mr. ARTHURS: That does not alter the federal government's position in the slightest. The fact of the matter is that this is really a vote for the relief of the municipalities and not for the settlers; it is for the relief of the provincial governments and the municipalities concerned.

Mr. CHURCH: When was this agreement made with the provinces of Alberta and Saskatchewan, what is the nature of the agreement, and how long is it to continue? Further, how much are the provincial governments contributing per annum?

Mr. STEWART (Argenteuil): The agreement was made in 1920.

Mr. GARDINER: Perhaps I can throw some light on the situation, having been at one time associated with municipal life in Alberta. The federal government gave no assistance to such settlers as held the title to the land they occupied; any assistance it gave to needy settlers was given to those who were on lands held by the Crown. Owing to the fact that the provincial governments could not pass any regulations whereby the municipalities could place a lien against the land belonging to the Crown, it became necessary for the federal government to step in and offer some assistance. I can assure the committee that all this assistance was given to people who occupied Crown lands and consequently it was not incumbent upon the provincial governments to come to their aid.

Mr. McBRIDE: Would this apply to the Peace river block where 3,500,000 acres of land are owned by the Dominion government?

Mr. STEWART (Argenteuil): It applies wherever the Dominion government owns any land.

Mr. McBRIDE: It would therefore apply to the Peace river block?

Mr. STEWART (Argenteuil): Yes.

Mr. ARTHURS: Can the minister give us any information regarding the agreement between the two governments? The language of this vote is very comprehensive; it speaks of an agreement

—with the provincial governments or otherwise.

Mr. CHURCH: What is the significance of the phrase "or otherwise"?

Mr. ARTHURS: It leaves the matter very wide open.

Mr. STEWART (Argenteuil): Well, I was the individual who made the agreement in the first place. The plea I made upon that occasion was the plea I make to-night.

Mr. ARTHURS: Why "or otherwise?"

Mr. STEWART (Argenteuil): The wording is somewhat ambiguous, but I hope you will not hold me responsible for all the wording here. There is an agreement between the provincial governments and the federal government. I might read the order in council, but it does not throw any light on the agreement. Briefly, the agreement provides that where relief is needed in the province the money is borrowed from the banks and guaranteed—

Mr. ARTHURS: By whom?

Mr. STEWART (Argenteuil): By the municipality in most cases; by the province itself where the territory is not organized. Both the municipality and the province borrow money from the bank and accept responsibility for the administration. The federal authorities come in where there is inability to collect

loans and the banks refuse to carry the accounts any longer. That does not mean the security upon the land is cancelled. The two governments agree within a reasonable time to recompense the banks in cases where overdue accounts are carried too long. We accept the statement of the provincial government that there is, say, $25,000 to be repaid to the banks, and we pay half and the province pays the other half. It is hoped that eventually this money will be collected. That, in a nutshell, is the agreement.

Mr. ARTHURS: When was the agreement made?

Mr. STEWART (Argenteuil): In 1920. It is renewed year by year.

Mr. McQUARRIE: What payments have been made by the federal government on account of the agreement?

Mr. STEWART (Argenteuil): The following is a statement of the sums paid for relief to date:

Alberta— Year	Total Security	50 per cent paid by Dom.
1919-20..	$595,778 40	$297,889 20
1920-21-22..	385,397 79	192,698 90
	$981,176 19	$490,588 10
Saskatchewan—		
1919-29-21..	$163,085 85	$ 81,542 92
1921-22..	34,596 45	17,298 23
	94 40	47 20
	$197,776 70	$ 98,888 35
No security (1920)	2,996 68*	1,498 34
	$200,773 38	$100,386 69

*Difference between price paid and price charged settlers on fodder.

MUNICIPAL DISTRICTS

Alberta—	Assumed by prov.	Paid by Dom.
1919-20..	$491,039 99	$245,519 99
Saskatchewan—		
1919-20..	130,372 77	65,186 38

Total paid by Dominion government

Alberta..	$736,108 09
Saskatchewan..	165.573 07
	$901,681 16

Mr. McQUARRIE: Has any of this money been repaid to the government of Canada?

Mr. STEWART (Argenteuil): The province of Alberta has repaid up to date $46,-090.23, and Saskatchewan $15,336.62, or a total of $61,426.85.

Mr. McQUARRIE: What efforts are being made to get this money back? For instance, are you taking the same procedure as in the case of loans to returned soldiers. These men, I understand, are being continually asked for repayment and threatened with all kinds of dire consequences should they fail to pay?

Mr. STEWART (Argenteuil): We do not collect this money; the provincial authorities have that responsibility.

Mr. McQUARRIE: What are they doing?

Mr. STEWART (Argenteuil): They are trying to collect it.

Mr. McQUARRIE: In what manner?

Mr. STEWART (Argenteuil): I cannot give my hon. friend particulars.

Mr. McQUARRIE: Does not the minister think he should find out whether the provincial governments are endeavouring to get the money back?

Mr. STEWART (Argenteuil): They tell us they are.

Mr. McQUARRIE: What do they say they are doing?

Some hon. MEMBERS: Oh, oh.

Mr. McQUARRIE: I think that is a fair question and not a joke. I know it does not seem to be a joke so far as the returned soldier is concerned. I should think it would be the business of the minister to find out what the provincial governments are doing to get back this money. It is hardly sufficient to say, "Well, the provincial governments say they are doing something." We do not know what they are doing. Has the minister made any serious effort to find out what steps the provincial governments are taking to get this money back?

Mr. STEWART (Argenteuil): Surely my hon. friend knows that the provincial governments are responsible for the collection. They report to us every three months what collections they have made. I have not inquired as to what methods the provincial authorities are pursuing, and therefore cannot give my hon. friend the information that he asks for. As to the returned soldiers, please do not blame me; I have nothing to do with the collection of the loans made to them.

Mr. ARTHURS: Mr. Chairman, I have every sympathy with the settler in Saskatchewan and Alberta, and I have no doubt that at the time this agreement was made such help was absolutely necessary. But four years have elapsed and this grant is going on from year to year. In other provinces, in northern Ontario and northern Quebec, for

instance, men are in such circumstances, due to no fault of their own, that they should receive the same treatment. I cannot see why we should not have organizations in those provinces doing similar work. The mere fact that the land in the western provinces is under federal control does not seem to me to make any difference in the circumstances. I would suggest to the minister that he discontinue this grant, or find out why it should be continued from year to year.

Mr. STEWART (Argenteuil): We are not continuing it.

Mr. ARTHURS: You are, apparently, by this vote.

Mr. STEWART (Argenteuil): That is not correct.

Mr. ARTHURS: There is a vote of $100,000, and there is already, according to the minister's own figures, $750,000 outstanding. It is continued from year to year. At the same time the settlers in the other provinces have no provision made for relief of this kind.

Mr. ROSS (Kingston): I have heard the word "resources" used quite a bit, and for my own information I would ask what resources has the Dominion in the provinces of Saskatchewan and Alberta.

Mr. STEWART (Argenteuil): All the crown lands and all the timber which has not passed into the hands of private ownership, and all minerals of every character.

Mr. ARTHURS: As soon as they pass into private hands—

Mr. STEWART (Argenteuil): That is a different thing.

Mr. ROSS (Kingston): That is different. When land passes into the hands of the settler, all the resources in connection with it go too?

Mr. STEWART (Argenteuil): Yes.

Mr. ROSS (Kingston): And they pass then to the province?

Mr. STEWART (Argenteuil): Not the mineral resources, since '98.

Mr. ROSS (Kingston): The land passes to the individual, and it is then an asset of the province?

Mr. STEWART (Argenteuil): Certainly.

Mr. ROSS (Kingston): So what the Dominion did was to pay a certain amount of money to the Hudson's Bay Company for the purchase of the land, and the guarantee and obligation for that money fell on the older provinces. There were practically no settlers in these districts except a few brought in by the Hudson's Bay Company.

Mr. STEWART (Argenteuil): My hon. friend is perfectly right. The individual who lives in the Northwest Territories helps to pay his share of the purchase price just the same as the individual living in the older provinces.

Mr. GARDINER: So that we can understand the situation, when was that debt actually paid?

Mr. STEWART (Argenteuil): I have not the date with me.

Mr. GARDINER: In 1904, I think.

Mr. MEIGHEN: What does the minister mean by saying minerals have not passed since '98?

Mr. STEWART: The minerals did not go with the grants; they remained the property of the federal government.

Mr. MEIGHEN: That is only surface rights have passed since '98 to the settlers, but the policy as to releasing instead of selling mineral rights was inaugurated in 1913.

Mr. STEWART (Argenteuil): What I mean is that since '98 the crown grant did not carry the mineral rights with it.

Mr. MEIGHEN: On the general question of the natural resources—

Mr. STEWART (Argenteuil): Don't bring that up now.

Mr. MEIGHEN: I suppose that is as near a solution as it was a year ago.

Mr. STEWART (Argenteuil): I could not give my hon. friend any further information than was given a year ago.

Mr. MEIGHEN: I think that is about right. It is just where is was a year ago, and two years ago. It is just where it was at the time of the housetop pronouncement that a solution had been found for that question. That was about two years and four months ago, and the solution is still on the housetop.

Mr. STEWART (Argenteuil): This question of the natural resources is bound to be a matter of very great controversy, and I think my hon. friend knows that as well as anyone.

Mr. MEIGHEN: I never announced a solution.

Mr. STEWART (Argenteuil): My hon. friend is very discreet.

Mr. MEIGHEN: I hope the minister will underline that remark of his in Hansard and hand it to the Prime Minister to-morrow.

Mr. STEWART (Argenteuil): I think he understands that.

Mr. MEIGHEN: He ought to; he has had enough lessons.

Mr. GARDINER: I would like to ask a question of the minister with reference to a communication I received recently from southern Alberta, where in certain parts of the province the land is of such a quality that it is almost impossible for the settlers to make a living and stay there. In the first place the Dominion was responsible for bringing these settlers on to that land. These settlers have spent the last ten or fifteen years of their lives there trying to make a living on that land, and the communication I received asked if there was any possibility of the government coming to their assistance by paying the transportation expenses of their moving out, that is, taking their stock and implements to some other part of the province where they could start operations on land that might possibly yield them a living. I put that before the minister and would ask him if there is any possibility of giving assistance to these settlers. I would call the attention of the House to this important fact: So far as the province is concerned, they have no responsibility at all, for these settlers went in there at the direction of the Dominion authorities, and we maintain that to all intents and purposes the federal government is responsible for settling them on this land on which they cannot make a living.

Mr. STEWART (Argenteuil): For a period of two or three years there was a sum of money granted by the provincial and federal authorities for moving these settlers out, but no request has come to me officially within the past two years for a continuation of the grant. There was an attempt made to make it possible for these people to take up new homesteads in the northern portion of the province, and some assistance was given, but not to any very great extent. Like many other problems it is very difficult to work out. That was the report to me of the Minister of Agriculture from the province of Alberta, and as I say, I have not been notified by the provincial authorities that there was any further interest in that direction.

Mr. GARDINER: The information I received did not come from the provincial authorities, but direct from the settlers themselves. I should like to know if the minister would be inclined to favour such a proposal again. I would point out to the House this very important point, that we are spending millions of dollars each year to bring people in here from other countries. Now we have brought here these settlers of whom I speak and they are settled on land they cannot make a living upon, and I ask would it not be better for this parliament to vote money to aid these settlers already on the land, who are experienced and are of much more value to Canada than the new settlers we are spending millions of dollars each year to bring in. I think some effort should be made at least to pay or assist in paying the transportation expenses of these settlers, so that they can move somewhere else where they can rent or buy land and start life over again. I think the money would be well spent, even if it was taken out of the immigration estimates. I think it would be better spent in that way than in bringing in the people we are getting at the present time.

Mr. ARTHURS: Is there any portion of this amount for the relief of returned soldiers, or is that chargeable to the Soldier Settlement Board?

Mr. STEWART (Argenteuil): I do not think any portion of this would be for returned soldiers, because that is an obligation directly of the Soldier Settlement Board and the federal government. I would not like to be absolutely definite on that point.

Mr. ANDERSON: Is there no obligation on the part of the provincial governments to return this money to the Dominion government, provided they do not collect from individual settlers? Is there not a term in the agreement that compels that?

Mr. STEWART (Argenteuil): The agreement provides for our half of the advance upon collection, but there is no obligation on the part of the provincial government to return the money if they cannot collect it. But as I pointed out, all these advances are made upon the security of land, and the obligation remains against the land.

Mr. MEIGHEN: Does the minister say the agreement of 1920 bound the government for 1924-25?

Mr. STEWART (Argenteuil): No, only for one year.

Mr. MEIGHEN: Only for one year?

Mr. STEWART (Argenteuil): Just for one year.

Mr. MEIGHEN: The minister simply found the terms fair, and has carried them on year after year himself since?

Mr. STEWART (Argenteuil): Yes, that is correct.

Mr. MEIGHEN: It is a pity we have not decided some other things. May I ask what is the present condition of the immortal, the historic Hoppe leases? Are they still reserved or has the government done any bedevilling in that situation?

Mr. STEWART (Argenteuil): I think hon. members will recollect that last year the Hoppe leases were put under control of parliament.

Mr. MEIGHEN: They are still there?

Mr. STEWART (Argenteuil): I do not know how they would get away.

Mr. MEIGHEN: I have heard rumours, that is all.

Mr. STEWART (Argenteuil): Oh, yes, I have heard those too. I believe our names are connected in rumours of that character.

Item agreed to.

The CHAIRMAN: There is still an item of $8,000.

Mr. STEWART (Argenteuil): That stands at the request of the ex-Minister of Finance. It has to do with the Chicago drainage matter and I prefer to let it stand until the hon. member is in his seat.

Mr. MEIGHEN: May I ask if the $1,000 vote to the Alpine Club went through without any protest from the member for Laprairie and Napierville (Mr. Lanctot) and the hon. member for Brome (Mr. McMaster)?

The CHAIRMAN: Without any question.

Mr. McQUARRIE: In regard to the vote of $8,000—

The CHAIRMAN: That has not been called; it stands.

Mr. McQUARRIE: I know it is standing in order that the return of correspondence may be seen by the ex-Minister of Finance. I made inquiry last night in regard to the matter and the minister's secretary stated we would get it to-day. I should like to have the file so as to go through it.

Mr. STEWART (Argenteuil): The file is here and contains the correspondence with the exception of a despatch to which we have not had a reply.

Mr. McQUARRIE: I have been trying to get it and have not been able to locate it.

Mr. STEWART (Argenteuil): My recollection is that the Prime Minister placed the file in the custody of the Clerk of the House There is, as I pointed out to the committee, one despatch that has not been brought down for the reason that we have not had a reply to it.

Mr. MEIGHEN: The correspondence brought down that I saw was only up to a long time ago. It was not a bit of value at all—much like nearly all that is brought down, sketchy and patchy. I do not know that it was patchy up to the time it ceased, but it ceased long ago. The correspondence brought down is certainly not up to date in connection with the Chicago drainage canal

Mr. STEWART (Argenteuil): I had something to do with looking into the correspondence before it was brought down and the officers concerned were instructed to include in the return everything except two despatches. There are not more than two—perhaps only one—that have not been brought down. If they were not included in the return it is not the intention of the department to withhold them.

Mr. CHURCH: Has the government communicated with the British authorities on this subject?

The CHAIRMAN: The minister has informed the right hon. leader of the opposition as to that. The item is to stand; it is not to be debated to-night.

Mr. CHURCH: We should like to have all the correspondence bearing on the subject.

The CHAIRMAN: This item has not been called. It is not proper to discuss it at present, it still stands for debate.

Mr. CHURCH: The country is far from satisfied that the government have taken a proper attitude in this matter. It is pretty nearly time they did take a firm stand.

The CHAIRMAN: I again remind the hon. gentleman that the item has not been called. Is it intended to proceed further in committee of Supply?

Mr. MEIGHEN: I think we have done very well to-night.

Mr. MACKENZIE KING: Does the right hon .gentleman not wish to go on?

Mr. MEIGHEN: I think we have done very well. We have got through with the estimates of two departments practically.

Progress reported.

On motion of Mr. Mackenzie King the House adjourned at 11.10 p.m.

Friday, June 6, 1924

The House met at three o'clock.

WEDNESDAY SITTINGS

Hon. G. P. GRAHAM (Minister of Railways and Canals) on behalf of the Prime Minister, moved:

That on Wednesday, the 11th of June, instant, and on all subsequent Wednesdays to the end of the present session the sittings of the House shall in every respect be under the same rules provided for other days.

Motion agreed to.

PRIVATE BILL

FIRST READING

Bill No. 166 (from the Senate), for the relief of Raymond Anderson Mashinter.—Mr. McQuarrie.

INDIAN RESERVE LANDS

Hon. CHARLES STEWART (Argenteuil), (Minister of the Interior) moved that the House go into committee at the next sitting to consider the following proposed resolution:

Resolved, That it is expedient,—

(1) to confirm an agreement for the settlement of certain questions between the governments of Canada and Ontario respecting Indian reserve lands, made the 24th March, 1924, defining the respective rights of each touching the disposition of lands in Indian reserves in the province which are surrendered by the Indians in order that they may be disposed of for the benefit of the band;

(2) to authorize the payments to the province provided for in the said agreement of any balance from proceeds of the sale or other disposition of the lands or any portion thereof, together with accrued unexpended simple interest thereon, and of one-half of the consideration in the case of the sale, lease or other disposition of mining claims staked on such reserve, or of lands in which minerals are included or may exist or be supposed to exist; and

[The Chairman.]

(3) to provide that no disposition shall be made of water-power in any such Indian reserve of a greater capacity than five hundred horse-power except by special agreement, and that the provisions of the Bed of Navigable Waters Act, Revised Statutes of Ontario, 1914, chapter 31, shall apply to grants of such lands or minerals heretofore or hereafter made under the Great Seal of Canada or otherwise under the direction of the government of Canada.

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.

Mr. MEIGHEN: Is that intended to take the place of the order discharged yesterday?

Mr. STEWART (Argenteuil): Yes.

Motion agreed to.

CROWSNEST PASS AGREEMENT

On the Orders of the Day:

Mr. HARRY LEADER (Portage la Prairie): I hold in my hand a telegram which I received from the Portage la Prairie Board of Trade. It is signed by J. J. Garland, president, and H. M. Dunham, secretary, and expresses anxiety concerning, and protests against, a further suspension of the Crowsnest pass arrangement. I should like to ask the Minister of Railways if the government contemplates action that would further suspend the arrangement that would otherwise come into force in July next?

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): That is a leading question. The railway companies have presented an argument in favour of the further suspension of the Crowsnest pass agreement. The government is of the opinion that it would be more satisfactory to hear the representatives of the railways and those who are interested on the other side at some date to be set, so that there would be no question but that there would be a full understanding of the situation.

HUDSON BAY RAILWAY

On the Orders of the Day:

Mr. ANDREW KNOX (Prince Albert): In view of the fact that a week ago the Minister of Railways informed the House that further reports and statements in regard to Port Nelson on Hudson bay would be laid on the Table I should like to ask the Minister of Railways when we may expect these documents to be brought down?

Mr. GRAHAM: Very shortly. I hoped to be able to lay them on the table to-day, but apparently the documents are not quite ready.

BRITISH EMPIRE EXHIBITION

USE OF THE FRENCH LANGUAGE FOR INSCRIPTIONS IN CANADIAN SECTION

On the Orders of the Day:

Mr. C. A. GAUVREAU (Temiscouata): May I ask the Prime Minister a question on a matter which I think is quite important so far as the public is concerned. I should like to know if he has read or heard about an article published in a French Review, L'Illustration of Paris, in which Mr. Ludovic Naudeau complains of the total absence of inscriptions in the French language in connection with the Canadian section of the Imperial exhibition at Wembley, whereas both the English and the Dutch languages are used in advertising the display of the products of South Africa at the same place. If the complaint is well founded I should like to ask if it is not possible to have both the English and the French languages in evidence at Wembley, at least in that part of the exhibition which comes from Canada, in view of the fact that hundreds and thousands of French visitors from across the channel may visit that part of the exhibition devoted to products from Canada and the province of Quebec. I am informed, Mr. Speaker, that at the present time—apart from Mr. Pacaud, who is secretary to the High Commissioner for Canada in London—there is no French Canadian representative on the staff at the Imperial exposition at Wembley.

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend is doubtless aware a good deal of the work in connection with the Wembley exhibition had to be done rapidly in order that the opening of the exhibition might not be delayed. There was, however, no intention to overlook the matter to which he has just referred. Instructions have been given to see that the French language, as well as the English language, shall be used at the Canadian exhibit, and I understand the order is now being carried out. As to the statement that no French Canadian representative other than Mr. Pacaud is in charge of affairs there, I am informed that the gentleman who has had to do with the preparation of all the exhibits is Mr. Turcotte, a French Canadian. I think that gentleman can be depended upon to see that proper use is made of both languages.

TORONTO VIADUCT

On the Orders of the Day:

Mr. T. L. CHURCH (North Toronto): Two weeks ago the Minister of Railways laid on the Table, pursuant to an order of the House, a report from Sir Henry Thornton, president of the Canadian National Railways, recommending from the legal and policy standpoints the immediate construction of the Toronto viaduct. The minister also tabled his reply to this report in which he said he was receiving a legal report and would answer further in a few days. Has this further legal report been received? And when will the government announce its policy on the whole question? Could the minister, either to-day or on Monday, say what action is being taken, and what will be done in the matter?

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): I can reply immediately. Certain documents have come from the legal department of the Canadian National Railways which, in connection with the whole matter are now being considered by the government.

GREAT LAKES FREIGHT RATES

On the Orders of the Day:

Mr. H. E. SPENCER (Battle River): Can the government give me any further information with regard to the charges made in connection with the high freight rates on the Great Lakes between Canadian ports? I referred to this matter the other day and read the charge which was made in the Grain Growers' Guide of May last, and the minister said he would kindly look into the matter.

Right Hon. W. L. MACKENZIE KING (Prime Minister): When the hon. member brought this matter up on a previous occasion I intimated that I would see the Minister of Trade and Commerce (Mr. Low) about it. Unfortunately the minister has been confined to his house and has not been in the city, but as soon as he returns I will endeavour to see that my hon. friend's question is answered.

LIQUOR AND NARCOTICS

TREATY WITH THE UNITED STATES FOR SUPPRESSION OF ILLICIT TRAFFIC

On the Orders of the Day:

Mr. S. W. JACOBS (George Etienne Cartier): I observe that the Minister of Justice (Mr. Lapointe) is going to Washington to sign a treaty. Will the Prime Minister tell us what the treaty is?

Right Hon. W. L. MACKENZIE KING (Prime Minister): As hon. members are aware, the officials of the governments of the United States and Canada conferred a little earlier in the year with respect to the suppres-

sion of rum-running and the narcotics traffic, and an agreement was reached which has since been embodied in the form of a treaty between the two countries. I understand the treaty has reached the point where in all probability it will be signed this afternoon. On the advice of our government, His Majesty the King has given full powers to the Minister of Justice to sign in respect of Canada, and the word I received from the minister to-day was that the contemplated treaty would be signed this afternoon. As soon as it is signed it will be presented to parliament for approval.

Mr. JACOBS: Why is it that our representatives have to go to Washington in the case of every treaty? Does the Prime Minister not think there should be a little reciprocity?

Mr. MACKENZIE KING: I think my hon. friend's suggestion is a good one. This government is strongly in favour of reciprocity and we shall try to carry out the principle as far as we can. When the matter under review was being negotiated the American officials came to Ottawa to do the major part of the negotiating. We are simply returning the courtesy.

Mr. MARCIL (Bonaventure): When this matter came up on a previous occasion I inquired what progress had been made under this treaty to cover the sale of liquor in the province of Quebec on the border between Quebec and the state of Maine. We know that there are armed men stationed on the border. There is a sort of warfare being carried on between revenue officers of both countries and bootleggers at the border between the province of Quebec and the United States.

Mr. MACKENZIE KING: I prefer to wait until the treaty is laid on the Table before speaking of details. I might mention, however, that it relates to smuggling along the international boundary.

DESTRUCTION OF THE VILLAGE OF STE. EMELIE DE L'ENERGIE

On the Orders of the Day.

Mr. JEAN J. DENIS (Joliette): I wish to invite the attention of the government to a matter of great importance and urgency to the people residing in the county which I represent. Up to a few days ago, the village of Ste. Emelie de l'Energie stood proudly like a sentinel at the foot of the Laurentian mountains. A week ago to-day, at exactly this hour, this thriving village, in the constituency which I have the honour to represent was destroyed by fire. It is estimated that about 85 per cent of the village has been so destroyed. The parish church, the convent and some 75 dwellings have been reduced to ashes. A number of the inhabitants are now homeless, and the financial ruin of many is complete As the representative of the victims of this conflagration, I have been asked to present the facts to parliament, and to inquire what consideration the government can extend to these unfortunate people. Indeed, I am urgently requesting the government that they go to the fullest extent possible in rendering aid to these people.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I can only say that the government will consider very carefully, and I am sure as sympathetically as may in the circumstances be possible, the statement my hon. friend has made. In cases where conflagrations have destroyed towns or villages I think the federal government has given as a general rule such assistance as it could on application in the first instance by the government of the province in which the municipality affected was situated. Occasions have arisen where the government was in a position to render something in the way of special aid, as for example, co-operation with the Red Cross in the loan of blankets, tents and the like. I think the government has always responded quickly where a request for such has been made. Beyond that, where the request resolves itself into a matter of financial assistance, it would be impossible to say what action the government might find it possible to take until after the province concerned has acted in the matter, and we know what it is doing.

MILITIA ACT AMENDMENT

TROOPS IN AID OF CIVIL POWERS

Hon. E. M. MACDONALD (Pictou) (Minister of National Defence) moved that the House go into committee to consider the following proposed resolution:

Resolved, That it is expedient to amend the provisions of the Militia Act, chapter forty-one of the Revised Statutes, 1906, relating to calling out the active militia in aid of the civil power, and to provide,—

1. That the attorney general of a province upon receiving notification from a judge of a superior or county or district court, having jurisdiction in the place concerned, that the services of the active militia are required in aid of the civil power, may, upon being satisfied that the services of the active militia are so required, make a requisition whereby the district officer commanding is required to call out the active militia, or such portion thereof as he considers necessary, for the purpose of suppressing or preventing any actual or anticipated riot or disturbance.

2. That such requisition shall contain an unconditional undertaking that the province shall pay to His Majesty

all expenses and costs incurred by His Majesty in calling out the militia as aforesaid.

3. That in every case the attorney general who made the requisition shall within seven days thereafter cause an inquiry to be made into all the circumstances and send a report thereof to the Secretary of State.

4. That all expenses incurred by His Majesty in so calling out the militia in aid of the civil power shall be paid to His Majesty by the province of which the attorney general made the requisition, and His Majesty may retain from any annual grant payable by Canada to such province and under the control of the parliament of Canada, any unpaid balance of moneys due to His Majesty by such province under this provision.

5. That the expenses and costs occasioned by the calling out of the militia shall, pending payment by the province, be advanced in the first instance out of the consolidated revenue fund by the authority of the Governor in Council, but shall be payable by and recoverable from the province to and by His Majesty as moneys paid by the latter to and for the use of the province at the request of the latter.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): If we pass the resolution, we have in a sense adopted the principle. We should at least have an explanation before going into committee.

Mr. MACDONALD (Pictou): Mr. Speaker, the purpose of this measure is to bring up to date and to put into proper shape a branch of the law which has stood on the statute books and has had many changes since the confederation period. The first statute in Canada providing for the diversion of military forces in aid of the civil power was passed in 1868. That act was amended in certain details in 1873, again in 1877, and again in 1883.

Mr. MEIGHEN: A new act was brought down in one of those years. I can give the date to the hon. member immediately. One of those was not a revision; it was a redrafted act.

Mr. MACDONALD (Pictou): It was a redrafted act amending in certain details the provisions in regard to the method by which military aid could be obtained.

Mr. MEIGHEN: In what year was the new act passed?

Mr. MACDONALD (Pictou): In 1883.

Mr. McMASTER: In the discussion of this matter of more or less warlike import, is it necessary that members should moderate their voices to such an extent that it is difficult for people to hear what they are saying?

Mr. SPEAKER: Silence should be observed in the House. Personally, I do not hear what the minister says, and in that regard I am in the same position as the hon. member for Brome (Mr. McMaster). The Speaker must at least hear what is being said.

Mr. MACDONALD (Pictou): I shall endeavour to make myself heard if the House will only listen. The trouble was that the House was not listening. The year 1883 marked the last act which provided for bringing out the military without the intervention of a judge. The right to call out the military in those early days was vested in the hands of an official whom nobody ever heard of today, the custos of a county, or the warden of a county, or the mayor, as the case might be. Again in 1904 the act was further amended, and we have been working practically under the provisions of the 1904 act during the last twenty years. Apart from details, it provided that if in towns or cities a difficulty arose, the mayor or warden of the town or municipality, or if they refused or were unable to act, then a county or district judge, and in unorganized districts where there was no mayor or warden, the district judge or superior court judge, would act and issue a requisition which was handed to the district officer commanding who was to be found in each one of the provinces of the Dominion, directing him to call out from the permanent force first, and if the permanent force were not available to a sufficient extent then from the regular militia, the number of men that would be necessary for the purpose of restoring order in the particular district.

Under the provisions of those various acts during the years of operation since 1876, there have been 59 occasions when troops were called out in aid of civil power. The expenditure thus occasioned to the Dominion government during that period amounted to $556,291.20. The amount recovered by the Dominion government from the muncipalities which were made chargeable with the cost of bringing out these troops has been only $40,291.65. The House will see that a rather anomalous situation exists. Primarily the duty of maintaining peace and order in this country, under the constitution is vested in the provincial legislatures; they are that part of the organization known at confederation upon whom has been imposed that task. They are to perform that task either by maintaining a police force of their own, as is done in some of the larger provinces, or by imposing upon cities, towns or other municipalities the task of preserving order within their borders through their own police. As a result of the law that has been on the statute book, as I have already pointed out, on 59 occasions we have had to resort to the aid of troops, and on almost every occasion, with the exception of the small amount of $40,000, this has been done at the cost of the whole Dominion. That

cost should not be imposed upon the whole Dominion. If a difficulty arises in any one of our provinces, then legally and from every other standpoint it is the duty of the government of that particular province to take care of that difficulty. So it is that we propose to amend the law so that hereafter the cost of calling out troops and of their maintenance for the purpose of preventing disorder in any part of the Dominion shall not be, as it has been in the past, a matter of liability on the municipality where the disorder arises, but on the province as a whole. The result will be that the federal treasury will be compensated by each province for the cost to which it has been put in performing this duty on behalf of such province. During that long period, as I say, with those 59 difficulties arising from various causes, there has been grave question as to the possibility of collecting money from the municipalities affected. Different litigations have arisen and protracted lawsuits have gone on. During the war, I think the policy that was adopted was of foregoing the compulsory payment by the municipality of the cost to which the federal government was put. Since the war the policy of both the last government and this has been to claim from the municipality affected the cost to which the federal government has been put. Matters in regard to these questions during the last two years are now in the hands of the Department of Justice. That is primarily the purpose of this measure.

In addition to that, last year a difficulty arose in Nova Scotia, and a commission presided over by Dr. Robertson was appointed which performed its work very satisfactorily to all the people in our province and, I think, generally throughout Canada. They made a recommendation that hereafter provision should be made to amend the law along the line I now propose. They also recommended that in any amendment this House might make, there might be provision that the attorney general of the province should make a report to the Secretary of State of the Dominion as to the conditions which gave rise to the disorder, so that the federal government would be in a position to know officially just what happened.

The course we propose is this. Instead of leaving to the mayor or warden of a particular municipality the responsibility of calling out troops when difficulty arises, we provide that a county court judge, a district judge or a superior court judge, when evidence is submitted to him indicating that the disorder is of such a nature that the aid of military power is required, shall intimate to the attorney general of the province in which the difficulty arises, the situation; and the attorney general of that province can then, by the issue of a requisition setting out the facts according to a form provided in the bill which I will submit to the House, requisition the district officer commanding the troops in the province in which is the district where the difficulty has arisen. The district officer commanding will in the future as in the past be bound to obey the request of the attorney general. It does seem to me that this is reasonable and proper legislation. The attorney general of the province is the functionary, under our system of government, to whom is deputed the task of administering the criminal law; section 92 of the British North America Act vests in the province the responsibility of administering justice within its own confines. Under this method we shall have a situation in which the country can be assured that due wisdom and care are being displayed in approaching the settlement of any matter involving the intervention of militia; and at the same time the federal treasury will be relieved of an imposition which it never should have borne in the past. With some degree of certainty henceforth the province in which the difficulty arises will be able, indeed will be obliged, to provide the funds necessary to pay for the troops that may be called out.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

Mr. CHURCH: I am not at all satisfied that this is very wise legislation, at all events from the standpoint of the municipality. In the first place the question of cost referred to by the minister is not a material point, because this country has, so far, been fortunately free from strikes, riots and from unlawful assemblies as have been spoken of. As one who has been associated with municipal affairs, I think that this legislation is altogether too drastic and too circuitous, inasmuch as it takes away from the chief of police, the mayor, and sheriff in the municipality a function which naturally and logically belongs to them since confederation; and it is in my opinion too dangerous a proceeding for this parliament to interfere in this way with the civil authority. I do not see who is asking for it or what necessity there is for the proposed change. I believe that heretofore considerable tact and good judgment have been displayed by those who have been charged with the maintenance of law and order in our cities and towns. Strikes and other serious disturbances of a like nature have been very rare in Canada and in the

province I come from. While, on one or two occasions, there have been a few industrial strikes and riots in the city of Toronto, they have been easily settled. It seems to me a most unwise thing to call out the militia unless in the most extreme cases; it is dangerous to meddle with the existing power of municipal authorities in this regard. The chief of police, I am afraid, will be inclined hereafter to fold his arms and to take the view that the judge and the attorney general are the proper officers to keep law and order, and in the event of any disturbance on the streets, as in the case of a street railway strike, he may be apt to show a dangerous indifference. As I say, we have been fortunately free from serious industrial difficulties in this country; the cost to the government of Canada has been practically nil as the municipalities pay it except in one or two cases, such as the strike which occurred in Winnipeg a few years ago and the disturbance which occurred in the province of Nova Scotia as a result of some industrial dispute. I repeat, the cost is not the material thing; and if the government takes away from the proper municipal officer the responsibility which is properly his for the maintenance of law and order in the city, then, when anything happens he may simply refer you to the attorney general who in all probability will be inaccessible. In Ontario, the attorney general as a rule does not live in the city of Toronto; and it is equally difficult to get hold of a judge who may in summer be on a vacation. So that if the police commissioners are either explicitly or implicitly, relieved of responsibility in the matter a dangerous situation is likely to develop at any time. The minister should therefore be exceedingly cautious in seeking to make any change in the present arrangements; the troops should be called out only as a last resort. Everyone wants to see the law properly enforced; there is no doubt about that. But I am not prepared to grant the necessity for nor wisdom of this change in existing legislation, for I think that on the whole we have had fairly happy relations between capital and labour in this country. The power to put down unlawful disturbances now rests with the mayor, the sheriff and the chief of police who may call the militia to their aid and I do not see why the minister should want to deprive these officers of that power. The people of Toronto pay some $2,500,000 for police protection and it seems to me that the police authorities are well able to take care of them. If the judge should refer you in the future to the attorney general you might find that official absent or he might await a decision of his government, and possibly when you tried to get in touch with a judge you might find him on holiday. The machinery now proposed is altogether too cumbersome. When a slight disturbance occurred a few years ago in the city of Toronto among the soldiers and there was some disturbance on Yonge street, the civil authorities requested the militia to keep out of the affair although the regulars were on hand ready if necessary. And what is more, not much damage was done to the property of anybody. Does the Minister of Labour support this legislation, and has any demand for it come from any labour union or from the Manufacturers' Association or municipalities? The men who compose the militia are probably very largely taxpayers and many of them may be members of some union or of the manufacturers. Are these men to be asked to quell industrial disturbances? The local authorities, I repeat, should take care of any situation that arises in the municipality, and no troops should be brought in unless the circumstances are of such an exceptional and grave nature as to make military interference imperative. The ministers of militia and civil authorities on previous occasions having shown good judgment in connection with matters of this kind, it does seem to me that the law as it is should be left undisturbed. At all events, before this motion is pased the attorneys general of the provinces and the police commissioners should be consulted and the views of the municipalities, and of labour and capital, should be obtained.

Mr. KYTE: This legislation involves a very drastic change in the law as it has existed in Canada. I have two criticisms to make. One is as to the proposal to constitute the attorney general of the province a sort of court of appeal against the decision of the county court judge to whom application may be made for leave to call out the militia in case of rioting. I do not think it is desirable that the attorney general of any province, who after all is a political officer, should be called upon to review the decision of the judge. The law in respect of the authority of a judge to give orders to call out the troops has worked very well, and I object to the amendment to put the responsibility upon the attorney general of the province.

My second objection is that this legislation will apply practically to only three of the provinces, because of the fact that the only labour disturbances we have had in the Dominion for many years are those arising in the operations of our coal mines in the prov-

inces of Nova Scotia, Alberta and British Columbia. It is quite conceivable that labour troubles in any of the colliery sections—and I say nothing as to the merits of the disputes which occasion these disturbances—may have very far-reaching consequences. In Nova Scotia we have large coal areas both in the island of Cape Breton and on the mainland. Our fuel supply is of vital importance not only to the people of Nova Scotia, but to the people of the other provinces where there are no coal deposits, and a strike in any of the mining districts might in its consequences very well reach beyond the locality and affect other parts of the Dominion. Therefore this is not merely a local or a provincial question; it may involve other provinces. Up to the present time, as the minister has said, the municipalities have been liable for the expenses incident to the calling out of the militia. But in this report the law has been more or less of a dead letter, for from the figures given to the House by the minister it would appear that a very small proportion of the expenses so incurred has been collected from the municipalities.

Last year the question was discussed on the militia estimates, and it was then suggested that the law should be changed so as to make these costs a charge against the whole country. I do not think it is fair to impose this burden on the province affected, having regard, as I stated, to the far-reaching consequences that may result from labour disturbances in our colliery districts.

There is another section in the proposed resolution to which I have objection, the last, which provides as follows:

> That the expenses and costs occasioned by the calling out of the militia shall, pending payment by the province, be advanced in the first instance out of the Consolidated Revenue Fund by the authority of the Governor in Council, but shall be payable by and recoverable from the province to and by His Majesty as moneys paid by the latter to and for the use of the province at the request of the latter.

It is also provided that these expenses shall be retained out of the annual subsidy to which the province affected may be entitled. Now, the provinces are entitled to certain subsidies in respect of the confederation compact, and these are a part of the provincial revenues. I do not think it is fair that parliament should so amend the militia law as to make the expenses incident to the calling out of the troops payable out of these subsidies. I am quite sure that the sense of the committee would rather be in favour of leaving the subsidies intact, and would prefer to have some other method formulated to secure payment of such expenses by the provincial authorities, if it is ultimately determined that the provinces should become responsible in this respect. On the whole I think that this question might well be left untouched, or if it is considered desirable to relieve the municipalities of the obligation, in my opinion the Dominion should assume the burden, on account of the fact, as I have already pointed out, that disorders requiring the calling out of the militia arise only in the coal-mining areas, which areas are limited to three of the nine provinces.

Mr. HANSON: Mr. Chairman, there is a good deal of force in the argument advanced by the hon. gentleman (Mr. Kyte). I think possibly the main objection arises out of the first point stated by him; that is to say, you are putting the decision to call out the troops into the hands of a non-judicial officer—the attorney general of the province—and I can see that from very many standpoints this is a very grave objection to the proposed legislation. It is true that the attorney general is charged with the administration of the criminal laws in the various provinces; but the calling out of the militia might be termed an executive act, indeed I think it might be very properly regarded as in the nature of a judicial act, because we all recognize that in the event of a riot the calling out of the militia should only be resorted to after very grave consideration, and therefore the decision to take this extreme measure should only be exercised with a full sense of the responsibility which it involves.

Now, I observe that in the resolution the calling out of the troops is discretionary on the part of a non-judicial officer. He is, as was stated by the previous speaker, a court of appeal from the requisition of the judicial officer named in the resolution. I do not think that parliament will favourably consider the placing of such power in the hands of a person who in any event is a political official of the provincial government, and I think we would do well to pause before taking this course. In my humble judgment the effect of conferring such power on the attorney general will be entirely nullified by the succeeding sections of the resolution which place the onus of payment upon the provinces. I venture to say that only in the very gravest instance will the province shoulder the burden of the expense. I have every reason for saying that, because we all know that expenditure of this character, especially in the smaller provinces, is vital to the province. It is true that in the past the law has provided that the municipalities shall recoup the Dominion government for the expenses incurred; but it is also true that the law has

been more honoured in the breach than the observance. As a matter of curiosity, I think we ought to know what municipalities have reimbursed the Dominion to the extent of the $40,000 mentioned by the minister.

But I do not think that the question of expense is by any means the vital question involved; it is of minor importance; the principle involved is, shall the militia be used in aid of the civil power? That, I think, should only be determined by a judicial officer a non-political officer, a non-partisan officer, a man who is accustomed to weighing facts and evidence, a man who has a sense of responsibility. Not that the attorney general would not have that sense of responsibility, but he is in no sense a judicial officer; and I am opposed to the principle of making it discretionary on the part of any non-judicial officer.

Another point: Section 1 of the resolution provides:

> That the attorney general of a province upon receiving notification from a judge of a superior or county or district court,—

And so on. Who is to move this judicial officer to requisition the attorney general? Certainly no judge will do it of his own motion. There must be action by the municipal officers if in an organized territory, and in the case of an unorganized territory I am at a loss to know who, under the resolution as it stands, will move the attorney general or the county court judge. So that something is lacking in the first clause of the resolution, and I would ask the minister to give some attention to that.

While it is true that, unfortunately, in the past, most of the disturbances which have been the cause of the calling out of the militia have been in certain coal mining districts, I would like to point out that these districts have been largely urban, well organized, and that there has been a sense of responsibility on the part of the municipal authorities. But I have in mind a coal mining district in a rural locality where there are few if any municipal officers and where the operatives are largely of foreign extraction. What would happen in a community of that character is this: No local officials would requisition the county court to make the representation to the attorney general; it would in the last analysis be up to the companies employing these foreign operatives to do so, and we would immediately have the question of capital and labour thrown into the struggle. I am very strongly of the opinion that this matter should be left under judicial control; that it is of too great importance to be placed in the hands of any political official of any government.

Mr. LOGAN: I go further than the hon. member (Mr. Hanson) and say that the matter should not only be left within judicial control but that the judicial control should be added to by the requirement that the attorney general should join in the requisition along with the judicial authority.

This discussion is interesting to me, because some years ago I moved an amendment that now is the law of this country in reference to calling out the militia. Prior to that time any two magistrates in any province, no matter where they lived—for instance, in my province they might live at Yarmouth while the trouble might be at Cape Breton—by requisition could call out the militia without conferring with anyone. In the amendment which I moved to a bill introduced by the late Sir Frederick Borden it was provided that in addition to the magistrates there should be action by the mayor of the town or the warden of the municipality, and in case the mayor or warden declined to act, then the requisition could be made by the district court judge.

4 p.m.

This resolution favours taking the control entirely away from the municipality, and I doubt very much if that is a proper thing to do. It is scarcely fair to a municipality to provide that the militia may be thrust within their bounds without their having a word to say about it. There may be considerations of importance in that municipality other than those affecting the particular industry in which the strike or labour trouble may occur. I submit that we should make it more difficult to call out the militia, instead of making it easier.

Mr. MEIGHEN: Perhaps the hon. member reads the law differently from the way I do, but is it not the law at present that the municipality really has no control?

Mr. LOGAN: The present law is that the first requisition to call out the militia must be made by the mayor or warden, but if he refuses then the militia can be called out by the judge of the county or district court. This matter will, of course, be considered more in detail when we have the bill before us. But the general principle does not appeal to me because, as the hon. member (Mr. Hanson) well said, it takes away the judicial control and places it in the hands of an officer who is generally a politician. However brilliant he may be or however able he may be, at the same time he is probably a politician.

Mr. McMASTER: Is that a term of reproach?

Mr. GRAHAM: Is not the Minister of Militia in that position?

Mr. MACDONALD (Pictou): Or the mayor of the town?

Mr. LOGAN: But the judge is not.

Mr. HANSON: The mayor of the municipality is not.

Mr. LOGAN: The militia should not be called out except upon requisition by the mayor or warden of the town or municipality, and in case of their refusing, it should not be called out except upon requisition not only of the judge of the court but of the attorney general as well. We then have the representative of the province and the judicial officer acting together. In other words, it would make it a little more difficult to call out the militia, and I think everybody will admit that the militia should not be called out except in the very last extremity. Every other remedy should first be applied. There may be times, I will admit, when the militia is necessary, but I am inclined to think that on occasions the militia has been called out unnecessarily, or when it might have been better had the militia not been called out.

My objection, therefore,—and I will discuss this matter more fully when the bill is before us—is that we are making it easier to call out the militia; that we are taking away any responsibility on the part of the municipality, and that we are imposing taxation upon people in different parts of the province who are not very much concerned in the matter. For instance, why should the people of the county of Yarmouth or the county of Digby be taxed to pay a per capita share of a provincial tax of $100,000 or $150,000 to take care of unrest, say, in the county of Cape Breton, or in the county of Cumberland? After all, it is the duty of the Dominion government and this parliament to maintain the military law in this country. Had we not better do away with the municipal charge entirely, say it is a farce and let the whole expense be borne by the federal government, which is supposed to maintain law and order so far as the use of the militia goes?

My objection to the last paragraph is just as strong as that made by the hon. member for Cape Breton South and Richmond (Mr. Kyte). I do not believe we should place any province in the position of a suspected indigent debtor.

Mr. MARTELL: Does my hon. friend say that the county of Yarmouth should not pay for the maintenance of law and order in Cape Breton? From the point of view of the country as a whole does he not think it right that the county of Yarmouth should pay its share in respect to Cape Breton?

Mr. LOGAN: No, Yarmouth has no more right to pay for the calling out of the militia in Cape Breton than has the county of Westmorland, New Brunswick, or any other county in the Maritime provinces which is not directly affected. I do think that the last clause is very objectionable—that is to say, paragraph 5 of the resolution which reads as follows:

> 5. That the expenses and costs occasioned by the calling out of the militia shall, pending payment by the province, be advanced in the first instance out of the Consolidated Revenue Fund by the authority of the Governor in Council, but shall be payable by and recoverable from the province to and by His Majesty as moneys paid by the latter to and for the use of the province at the request of the latter.

Mr. MARTELL: I am going to ask my hon. friend one more question. I do not want to interrupt him, I have every respect for his argument, but do not law and justice in all provinces have to be enforced by the provincial authorities? Therefore the county of Yarmouth should help to maintain law and order for the county of Cape Breton. But why should Vancouver, for example, be compelled to aid in the enforcement of law and order in the province of Nova Scotia?

Mr. LOGAN: The county of Yarmouth already contributes to the enforcement of law and order in the province of Nova Scotia by bearing a portion of the expense entailed by the maintenance of the provincial police. But I submit that the county of Yarmouth should not be called upon to pay the expense involved by the militia of Canada being called out to maintain law and order in the Dominion any more than any other Canadian county.

Mr. MARTELL: Would my hon. friend not say that the enforcement of law and justice is a matter of provincial jurisdiction?

Mr. LOGAN: Law and justice are matters of provincial jurisdiction, but the militia of Canada are under the control of the Dominion and not under that of any province. Therefore I say that while I should like to hear this matter thoroughly discussed—as it will be in due course—I must state that on general principles I am not in favour of the proposed legislation for the reasons already assigned.

Mr. BROWN: I should like to ask one question as to the reasons advanced why this

principle should not be enacted into law. It is desirable that the militia should not be called out except under the most extreme circumstances?

Mr. LOGAN: Yes.

Mr. BROWN: Would not the fact that the expense was thrown upon the attorney general—at least the fact of the attorney general remembering that the expense had to be borne by the province—render him still more cautious in accepting requisitions that might be made to him?

Mr. LOGAN: To some extent it might, but after all it is not always the cost. That is not altogether the question at issue The attorney general would not have the direction of the militia, and the district commanding officer of the Department of National Defence might be more inclined to send the militia into a particular district knowing that the federal authorities would not have to bear the expense.

Mr. BROWN: Yes, but it did not seem to me, under your argument, that it would be any more easy to call out the militia than under the present statute. It seems to me that it would be more unlikely that the troops would be called out.

Mr. LOGAN: I cannot agree with you.

Mr. HANSON: I should like to ask the Minister of National Defence just what the underlying reasons for the proposed legislation are? Is it because of certain occurrences that took place in the county of Cape Breton last summer, and because of certain speeches which the minister made during the Cape Breton North by-election?

Mr. MACDONALD (Pictou): I am afraid that a good many of the hon. gentlemen who have spoken with regard to this matter have been too precipitate in expressing their views. Had they waited until they saw the bill itself I am sure that some of them would not have delivered the addresses they have delivered. I am rather surprised, for instance, to find some of my colleagues from Nova Scotia assuming that this question is one which wholly relates to that province, because during the past ten years I find there have been eleven occasions upon which the troops have been called out in aid of the civil power—twice in British Columbia, three times in Ontario, once in Manitoba, twice in Quebec, once in New Brunswick, and only twice in Nova Scotia. So that the situation is not confined to Nova Scotia by any means.

Mr. MEIGHEN: Would the minister state the expense incurred in each case the troops were called out?

Mr. MACDONALD (Pictou): I have a statement of the expenditure in each case in a long statement here and shall be very glad to give that information at a later stage However I can give these particulars:

Nanaimo, British Columbia, August 1914, $255,000.
Vancouver, Hindoo riots, $1,143.
Windsor, Ontario, 1919, street railway strike, $2,187.
Winnipeg, 1919, $196,821.
Quebec, 1922, $184.76.
St. John, N.B., street railway strike, $985.46.
Cape Breton, September 1922, $63,295.
Cape Breton, August, 1923, $99,621.

Mr. HANSON: Would the minister repeat the figures as to the St. John street railway strike?

Mr. MACDONALD (Pictou): The amount I have here is $985.46 but I should say that I did not come prepared with the information in detail. If my hon. friends desire fuller or more definite information I shall be very glad to give it at a later stage. I have mentioned these facts to show that the occasions on which the military are called out to aid the civil power arise in all parts of the country and not in any particular section. Furthermore, in the course of ten years of our history there have been eleven occasions on which the act was invoked and they happened in every province of the Dominion except Saskatchewan, Alberta and Prince Edward Island.

My hon. friend from North Toronto (Mr. Church), the former mayor of that city, seems to be very much disturbed over the fact that apparently we have taken away some power from the chief of police of Toronto. There is no power vested in the chief of police under the Militia Act as it stands to-day, and I did not altogether catch the point of my hon. friend's criticism. The situation to-day is that under the existing act the mayor of any municipality can of his own volition, if he wishes, issue a requisition to the district officer commanding and call out the troops. It is true that there is a distinction drawn between that act when it is performed by him and the act when it is performed by a judge, because the judicial requisition is especially declared by the act to be such a document as cannot be questioned by the military authorities. It is not desirable, however, that the district officer commanding should be put in the position that he would have to question whether or not the right of a mayor to act was as binding and as conclusive as that of a judge. When disorder occurs and it is possible that lives may be lost and property destroyed, everyone knows that the Canadian people can depend

upon the proper officials to move in the matter and take such steps as are provided for by law. Of course we all agree that it is most desirable that the military force should not be invoked for the aid of the civil power except in cases of absolute necessity. The use of the military in support of civil power is something that has come to us from the Mother Country. But the situation that arises here is not parallel to similar cases that have occurred in the United Kingdom for the reason that the legislative and administrative machinery over there is concentrated at Westminster. Here the powers are divided under the Confederation Act. The control of militia and defence is vested in the federal authority, whereas the absolute duty is imposed upon the government of a province and it's attorney general of carrying out the police powers within the province. So that we have a situation here quite different from that in the United Kingdom when it comes to calling out the troops to aid the civil power.

Now, it is asserted that the attorney general of a province is a political functionary and that under this proposed enactment he is made a court of appeal from the judges. That is not the idea at all. I am bound to say that I do not know of any attorney general in any province in this country upon whom is not imposed to-day the duty of carrying out the criminal law, of seeing that the prosecutions are properly carried on in every part of the province in which he acts. I am not for one moment prepared to believe that there is a gentleman occupying the position of attorney general of any one of the provinces who could be said to be so utterly insensible of his duty that he could be termed a politician when considering this serious question. Why is it suggested that he should be? I am sure that every hon. gentleman who has been vested with responsibility in the past, or who may have it now, or hopes to have it again, so far as federal matters are concerned, will realize that in these matters the situation should be dealt with and the law applied in accordance with the constitution. When a judge intimates to an attorney general or to whatever member of the government may be acting attorney general that it has been called to his attention that a situation exists which in his judgment involves the necessity for calling on the military power, then the attorney general whose duty it is to maintain law and order—not the judge mark you, it never was the function of the judge—must take action. It is the duty of the attorney general who may have at his own command a police force of three or four hundred men, and who will say: "Perhaps the judge who calls attention to this situation may not know just the position we are in. We can summon the police force and deal with the trouble without going to the expense and difficulty of invoking the military power". Is not it fair and reasonable that that duty should be imposed upon him?

Mr. MARTELL: As I understand the matter, the attorney general is made a concurring party in the calling out of the militia—not an appellate party.

Mr. MACDONALD (Pictou): Quite so, my hon. friend has put it more clearly than I could have stated it,—the attorney general is a concurring party, the judge is the official who determines on the facts. The attorney general who has his own police force, mark you —and they exist in all the larger provinces— can say as to whether or not he can deal with this question with the police force. And is it not only reasonable that that should be the situation? If he comes to the conclusion that the trouble that has arisen is of so grave a nature that it is impossible for him to deal with it with his own police force, then this bill proposes to provide that he shall have the right to invoke the military power. As we are only dealing with bald resolutions which do not deal in detail with the whole question I would suggest to the committee that it would be wiser to leave the questions of detail until we come to the bill. One hon. member spoke about the provisions that exist in regard to calling out of troops in the unorganized parts of the country. With regard to that situation, no change is proposed in the present law. At the present time a district or county court judge or a superior court judge has the power to call out the military in unorganized districts. He will have exactly the same power in the future, with the intervention and co-operation of the attorney general provided for. I refer to the fact that a commission was appointed last summer to inquire into the industrial unrest among the steel workers, which was presided over by Dr. Robertson, who has always been an official of high standing in this country, who dealt with the whole question involved, and made this recommendation.

> The commissioners are of opinion that it is desirable that the Militia Act should be amended in such a manner as to provide that a requisition requiring the active militia to be called out for active service in aid of the civil power may be made only by a judge and the attorney general of a province acting jointly in making the same and that the requisition should contain a statement by the attorney general of the province to the effect that he shall as soon as possible, and not later than one week thereafter, cause an inquiry to be made into the circumstances which occasioned the calling out of the active militia and send a report upon the same to the Minister of National Defence.

Mr. GRAHAM: That report was signed by the three commissioners?

Mr. MACDONALD (Pictou): Yes Dr. Robertson, whose high standing is unquestioned, was at the head of that commission, and the other commissioners were men who might be said to be representatives of both capital and labour; and the report which was made was adopted by all three.

Mr. MEIGHEN: Who were the others?

Mr. MACDONALD (Pictou): The others were Mr. J. J. Johnston, former Attorney General of Prince Edward Island and Mr. Fred Bancroft, of Toronto. This is a matter which we should not approach and are not approaching from any standpoint of political feeling. In this matter every party is interested in having the law put upon a proper basis.

In regard to the question whether or not the federal government should assume the full responsibility of all the cost of maintaining military interference where a difficulty arises, I cannot accede to the proposition that has been made that that should be done. Beginning in 1868 the Fathers of Confederation started to lay down the principle in their very first law. Dealing with this question they imposed upon the municipality the cost of maintaining the forces when called out. That has been continued all along. In those early days we did not have the great number of employees' organizations that we have now. Our cities had not been developed. Our smaller towns had not corporate rights. In our province for fifteen years after confederation we had no municipal corporations at all. As the years went by and population increased, and here and there unfortunate difficulties arose in the country, it was found necessary, in the judgment of the men of twenty years ago, to do away with the principle of leaving it to the heads of municipalities to say when the troops should be called out, and they introduced the element into it of the judicial functionary who should have to deal with it. Now, after an interval of twenty years, I think if we only realize what the situation is constitutionally, we will come to the conclusion that in this bill a proposition is made which is reasonable and proper. The provincial government—not the Dominion—is in charge of the task of maintaining law and order and the administration of law. The question as to whether one county in any particular province should be deemed to be treated unfairly if asked to contribute to the cost of calling out the troops is beside the question; because if it is unfair to them to do so, it is open to the provincial legislature, upon whom the cost would have to fall, to pass legislation themselves for the particular municipality, if they saw fit to do so, assuming the cost of calling out the troops. So, if there is any injustice, the province can relieve it, distributing the cost in any way it sees fit, and I think the provinces are better judges of that than we would be. I think we should endeavour to approach this question with a view to placing upon the statute book, a workable piece of legislation which will deal with this question fairly and reasonably, and if hon. gentlemen desire any further information, I shall be glad to bring it down when we get to another stage.

Mr. IRVINE: Who is responsible for the expense of calling out the militia under the present act?

Mr. MACDONALD (Pictou): According to the law as it stands the municipality in which the difficulty occurs is supposed to bear the whole cost.

Mr. MEIGHEN: What was the cost to the government of calling out the troops to Cape Breton in 1922 and in 1923? And how much of the cost has been paid by the municipalities?

Mr. MACDONALD (Pictou): Nothing has yet been paid. The Department of National Defence has asked the Department of Justice to take up the question and proceed with it, and they have made their claim upon these municipalities.

Mr. MEIGHEN: What was the cost in each case?

Mr. MACDONALD (Pictou): The cost in 1922 was $62,295 and in 1923 it was $99,621.

Mr. MEIGHEN: That did not include anything for the pay of the troops?

Mr. MACDONALD (Pictou): With the meagre information at hand I cannot say, but I shall be glad to get the information and give it to my right hon. friend.

Mr. MEIGHEN: Is it the intention, under the amendment proposed, that any discretion shall rest with the Dominion government after the requisition of the attorney general comes in?

Mr. MACDONALD (Pictou): The situation is not generally understood in that particular. Under the law as it is to-day a judge issues a requisition, not to the Department of National Defence, but directly to the officer who happens to be in command of the military district in which the trouble arises. For instance, Judge Finlayson issued a requisi-

tion to General Thacker, who was in charge of the military district in Nova Scotia, and General Thacker proceeded to act as the law provided, without reference to the department. The law is very clear, it says that he cannot question the requisition when it is made by a judge. Questions of doubt have been involved in regard to matters of this kind, whether the district officer commanding had power to call out troops beyond his own district, for instance whether the district officer commanding in Nova Scotia had power to call troops from other districts beyond. The Department of Justice held that he had, and it has so advised, it has given an opinion to that effect.

Mr. MEIGHEN: Has the minister the opinion of the department at hand?

Mr. MACDONALD (Pictou): No. I shall be glad to get it for my right hon. friend. This new bill provides that he has the power.

Mr. MEIGHEN: Does the Department of Justice advise who has the power of withdrawal? For instance, is the opinion of the government now that under the law a judge has been able to requisition troops from the ends of Canada and to maintain them in the district where the disorder exists, as long as that judge likes or as long as who likes?

Mr. MACDONALD (Pictou): The law officers of the Crown have expressed the opinion that the existing act empowers the district officer commanding, first, to go beyond his military district in order to get troops, and, second, to vary from time to time the number of troops that are called out. The matter is still uncertain on account of a conflict between the King's regulations and the statute as to who has the controlling power as to when the troops shall be sent home. It is proposed in this bill to remove all doubt on that point by making it clear with whom the responsibility lies, by providing that as the provincial authorities requisition for the troops and have to pay for them, they are the people to intimate when they shall be withdrawn.

Mr. MEIGHEN: The minister has not yet answered my question. Is it proposed that any discretion at all shall rest with the federal government after the requisition is issued, either as to the effect of the requisition, the extent of compliance, or the length of time?

Mr. MACDONALD (Pictou): It is not proposed to change the law in that respect from what it is now, and I doubt whether, under the law as it stands, there is any discretion except as regards seeing that the officers of the department simply carry out the requisition of the judge.

Mr. MARTELL: Is the law as it stands not tantamount to this?—that the provincial authorities who are charged with the administration of law and justice in the province, say that they are unable to cope with the trouble; a requisition is made on the Militia department and when they receive the requisition, they send the militia to the district affected; and when the provincial authorities say that they are able to cope with the difficulty, then the militia is withdrawn.

Mr. MACDONALD (Pictou): As I have already stated, that is a question about which there has always been some uncertainty on account of a conflict between an interpretation of the statute and the King's regulations. As a matter of fact, the practice has always been in the past, as I understand the matter, that when troops have been requisitioned, the district officer commanding confers with the requisitioning authorities and the troops are withdrawn as a result of agreement between them.

Mr. LOGAN: In how many cases have municipalities paid for the militia?

Mr. MACDONALD (Pictou): I have the total amount paid, but I have not the number. I shall be glad to bring down a complete return when this matter comes up again.

Mr. HANSON: I asked the minister a couple of questions.

Mr. MACDONALD (Pictou): I answered them. My hon. friend was out of the chamber.

Mr. HANSON: I was out of the chamber for a moment but I was informed that he did not answer them. Did the minister not directly, last year, in the county of Cape Breton, of his own motion, pull out the troops there and state on the public hustings that he had given orders to that effect? I should like to know by what authority he did that.

Mr. MACDONALD (Pictou): My hon. friend is misinformed. I never gave any such orders and I never made any such statement.

Mr. GRAHAM: We who are not lawyers do not understand the intricacies of all these statutes and we are liable to get mixed up. We ought to keep in mind the fact that the militia of Canada is not called out primarily to keep or to restore order. It is called out

merely as an aid to civil power. A municipality finding itself unable to maintain order ought to apply to the next higher civil authority, the province. Those constitute the civil powers. The militia should not be called out until those powers are exhausted, and that is all that the statute ever contemplated. Is it unfair to say that both of these civil powers ought to be responsible before the federal power is called in? That is all that this bill proposes.

Mr. LOGAN: Should the municipality not be responsible also?

Mr. GRAHAM: Certainly. First the municipality, second the province, and if they fail in their duty or if they are unable to cope with the situation, then the militia. That is all that the act ever intended. The difficulty that has existed has been that the municipality in some cases wanted to put the militia ahead, as if it were the duty of the militia to quell any disorder. Then the province unwillingly admitted that it had a duty; if the federal authorities would step in and become the primary power to restore order, that was all right for the province and the municipality. But we ought to keep it clearly in mind that it is the duty, first of the municipality, a civil power, to endeavour to restore order. The next higher civil power is the province; if the municipality cannot perform the function, then it should call on the province. And it is only after these two civil powers have exhausted all their forces for the maintenance of peace that the militia should be called on. This bill is to make it more difficult for the militia of Canada to be called out. As the Prime Minister (Mr. Mackenzie King) informs me, it is a policing power. It was never intended that the militia should interfere until every other authority had been exhausted. That being the case, is it unfair, or is it not rather wise, to say that after the municipal authority has exhausted its power, the province is the next higher civil power and it should be brought in to tell the federal authority, the next higher power, that these two powers could not cope with the situation?

Mr. CHURCH: The people most concerned with this matter are the municipalities of Canada who have been satisfied since confederation with the existing law and are not asking for any change. The question of cost, as I have already said, is not the important thing; what is important is to see that law and order shall be maintained. But how is a judge to know when the services of the militia are required? And is he the proper authority to say? Under this legislation the judge is supposed to get in touch with the situation and find out what is going on. He will then have to notify the attorney general and the attorney general, in all probability, will take up a lot of time, and may even be absent, he may be out of the country at the time. If this bill becomes law the municipality will not in my opinion be as well off as it is now from the point of view of emergency protection, whereas the municipality will have to pay the bill just the same as the province will assess the local municipality for the entire cost. And all these things fall back upon the municipality in the long run; the municipality has to bear all these burdens. In Ontario in the last few years we had once a Labour-Farmer government which was opposed to anything military; it did not favour the militia, nor did it believe in votes for such purposes. From what source, then, comes the demand for this legislation? Not from the municipalities, or capital or labour. I say there is no demand for it. If there are some small places that cannot afford to pay for the maintenance of law and order then the government should undoubtedly meet such a situation. But under the British North America Act all matters appertaining to the militia and defence are to be decided upon by the people through their representatives in this parliament. And it is dangerous to get away from that principle. If this legislation goes into effect it will in my opinion open the door to a freer use of the militia, and the municipality will pay in taxation without representation and it is likely to suffer not only from the consequences of this interference but also from the expense involved. The municipalities to-day are labouring under a heavy burden of taxation of every kind and they cannot afford to pay any unnecessary bills. I do not think that this legislation is wise; the keeping of law and order is a matter that should rest with the local civil authorities, who at present can take care of it in ninety-nine cases out of a hundred.

Mr. MEIGHEN: If I understood the minister rightly he said it was not the intention to limit in any way the power of requisition or to give discretion to the federal authorities; that is to say, the power of requisition of any provincial attorney general will extend over the entire militia force of the Dominion. There is to be no intervening discretion resting in the federal government?

Mr. IRVINE: It is satisfactory to note that something will be done with the control of the militia in respect of its being called

out in cases of strike. I am not sure whether we can feel satisfied that the bill which the minister has in mind will meet the situation, but I cannot conceive that it will be worse than the present law. There are two points in connection with the act as it is now in force which seem to me to be very unsatisfactory; the first is that the municipal or the local authority has the power to call out the militia against an organization in itself local. That is apt to complicate matters, as indeed it has proved to do in many instances. In the case of an industrial dispute it is only natural that there should be considerable heat and that local animosities should creep in. So that those in authority locally, if they happen to disagree with the labour union in the particular city or municipality, will be very anxious to call out some force to settle the matter favourably to themselves. It would therefore be better from that point of view if some other authority a little removed from the immediate disturbance had the final say in the requisitioning of the militia. The next point with regard to the act as now in operation is this: If the local authorities appear to be tardy in exercising their power a judge may call out the militia. I know of no individual who would be more ignorant of the situation than a judge. I do not of course, intend to reflect upon the judges in saying that; but they are entirely removed from the field of action in these cases, not being acquainted with the difficulties that surround industrial life. For that reason, because of their very ignorance of industrial conditions, they are surely the last persons who should be vested with authority in this matter. I am inclined to think that the proposal of the minister, while it may not be adequate, will be an improvement upon what we have at present. As a matter of fact, I do not believe that any act will be adequate which will permit the militia to be called out in cases of industrial disputes; nor do I know of any case in the history of Canada in which, the militia having been called out, there was not more harm done than good, and I doubt whether any occasion will arise in the future when the militia will do more good than they have done in the past. I agree with the statement that has been made by an hon. member that, since we must have an act of this kind, it will be better to put the control of the situation under the provincial government. But I would go a step further; I would make it more difficult than that, giving also to the federal authority some responsibility, some discretionary power. I would do that in order to make it absolutely certain that before the militia could be called out there would be definite assurance that there was real need for it. I would ask the minister whether there is any possibility of his department retaining some responsibility so as to further safeguard the interests of citizens generally before an employer of labour is allowed to call out the militia to quell a disturbance for the creation of which he is largely responsible.

Mr. MACDONALD (Pictou): The theory of the bill is that the responsibility for maintaining law and order in the country shall be vested in the different provinces and in the law officers thereof. The bill provides that when the provinces find that their local forces are unable to cope with a situation that has arisen they may, following the same practice that obtains in the Mother Country, and by the method prescribed in the bill, requisition the military forces to aid them. The bill sets out in detail the methods by which this end is to be attained. It also designates the powers which the district officer commanding, who is the representative of the Defence department, can exercise in the premises. I think my hon. friend had perhaps better wait until he sees the bill; if then he has any suggestions to make I shall be glad to hear them.

Mr. LOGAN: Is any provision made for what might be termed interprovincial labour disturbances? Suppose, for instance, there was a riot in Ottawa and Hull, who would call out the militia? And who would pay the expenses?

Mr. MACDONALD (Pictou): There might be a riot in Hull any night. I do not think my hon. friend need be disturbed as to how that problem would be solved. I think the law to-day provides a solution, but we have ample powers under the new bill for dealing with such a situation.

Mr. MEIGHEN: Am I correct in understanding from the answer the minister gave before that the requisitioning power of the province extends to the militia over the whole of Canada without the intervention of any discretion on the part of the Dominion?

Mr. MACDONALD (Pictou): The situation under the existing act is such that there has been some doubt as to the right of the district officer commanding, who has been requistioned, to proceed outside his district. The Department of Justice has given its opinion that he can use his discretion and proceed outside. In the bill it is made clear that he can still exercise that discretion if he deems it necessary.

Mr. MEIGHEN: The Dominion does not have any discretionary power?

Mr. MACDONALD (Pictou): There is no change in the power of the district officer commanding as distinct from the government or the department.

Mr. MEIGHEN: The minister is very clear in his opinion that there never has been any discretion on the part of the Dominion government. Is he equally clear in his intention here that there shall be in future no discretion?

Mr. MACDONALD (Pictou): We simply continue the present situation.

Mr. WOODSWORTH: Mr. Chairman, I am very glad to have the lucid statement by the Minister of Railways (Mr. Graham) in regard to the relationship to the different civil powers. I take it that one of the difficulties in connection with the calling out of the militia has been that this action was taken in spite of the advice of the municipalities. There, it seems to me, is one of the real difficulties. When the local authorities, who presumably know something of the situation, have said that they were quite able to maintain law and order, it is possible for a county court judge to ignore their decision and make a request for the militia. That is an intolerable situation, especially when the municipality is later on called upon to pay a bill which it was not responsible for contracting. It has been argued that it is not fair that one municipality should be called to pay for the expense of quelling disturbances in an altogether distinct municipality. If that objection is at all valid, it applies with all the more force to the relationship between the Dominion and the provinces. Why should the whole Dominion be called upon to pay the expense of quelling a disturbance in one particular province? And we are told by the minister that only three provinces have been concerned in these troubles.

Mr. MACDONALD (Pictou): No, more than three.

Mr. WOODSWORTH: Possibly it was not the minister who said it.

Mr. MACDONALD (Pictou): Six provinces were concerned.

Mr. WOODSWORTH: Well then, why should the province affected not pay the bill? The province is very largely responsible under our present arrangements for the economic and social conditions that so frequently lead to trouble. We have been told in this House that it is very difficult for us to legislate for an eight-hour day as that is a provincial matter. The Minister of National Defence (Mr. Macdonald) has referred to the Robertson report. That report not only spoke of the calling out of the militia and made certain recommendations along the lines of this resolution, but it also called attention to the fact that the men were working under very bad conditions. they work eleven and thirteen hour shifts, with every other week twenty-four hours of labour on end. Now surely such conditions are intolerable. Further, various industrial disputes investigation committees have told us of the very bad sanitary conditions that prevail in the mining districts. Again and again in connection with the negotiations between companies and men it has been found that the wages paid are altogether inadequate. These are the economic and social conditions which are driving the men to take some action. The only action there seems to be left for them to take is the strike. The province is very largely responsible for the existing situation. Why should not the province pay the bills that arise because of such disgraceful conditions? One of the speakers argued that the attorney general's position was not judicial but political, and implied that a politician could not be trusted in these matters. I would venture to suggest that even under the present act which gives the Minister of National Defence certain authority, the minister's position is non-judicial, and yet he is responsible in the same way as, under the proposed motion, the attorney general would be. But after all, as my colleague (Mr. Irvine) pointed out, the expediency of calling the militia is not a matter which is essentially judicial in character. Such decisions require another type of mind than the purely legal, judicial mind; they require some knowledge of the industrial situation and of the psychology of those who are involved in the dispute.

One hon. member referred to the importance of fuel as it affects the people of the whole Dominion, and suggested that hence this is a Dominion matter. I should like to point out that while fuel may be of importance, and while the dividends of the big companies may also be of importance, the welfare of the men is of still greater importance. That is the point which, it seems to me, is not fully realized by this House, nor is it recognized in our legislation, nor by the administrative authorities. We can call on the militia to quell a disturbance in order to protect property; we never call on the militia to protect the rights of the men who are working day in and day out for 365 days of the year—when they can obtain the work. That is essen-

tially the reason why the calling out of the militia does not settle any of these problems; it quells the transient disturbance, but it does not get at the root of the difficulties. It would seem to me, Mr. Chairman,that in referring this matter to the attorney general—perhaps I would rather have had it referred to the lieutenant governor in council—at any rate in referring it to the provincial authorities we are at least helping to saddle the responsibility where it really belongs.

Mr. MEIGHEN: Mr. Chairman, if the law has been as the Minister of National Defence (Mr. Macdonald) has expounded it, I am in favour of an amendment, and I have some sympathy with what the hon. member for Centre Winnipeg (Mr. Woodsworth) said in the first part of his remarks. I have never so understood the law. I certainly do not believe it ever was the intention of parliament that the law should have the effect which the minister states it has to-day. He says that under the law to-day the municipality, by acting through its mayor or reeve, or, failing them, a judge in the municipality having jurisdiction there, may, on the mere say-so of one of these officials that in his belief troops are needed, requisition troops not only in the military district in which that municipality is but throughout the whole of Canada, and that those troops may be kept there just as long as that official likes. Now, that is exactly the statement of the present situation as the minister understands it. Undoubtedly, under the law to-day the municipality, acting through its mayor or reeve, or, failing them—that is, should either of them refuse or neglect or be incapable to act—through any judge, can requisition troops. The statute says, section 81, that the district officer commanding, on receipt of such requisition, or failing him, the senior officer of the active militia, shall call out the active militia or such portion thereof as he considers necessary. The word "shall" is used. The word "shall" is not always imperative, but I am not going to argue at the time that it is not imperative here to the extent of the powers of that senior officer or that district officer as the case may be. But it surely never was the intention of parliament that those powers should be amplified away beyond his own district, that he could reach his hand out, go from Sydney to Vancouver, gather up the active militia both permanent and volunteer, take them across the continent to that particular locality and keep them there as long as he likes. Surely parliament never contemplated such a thing, and I venture to say that governments of Canada have not acted upon that interpretation. The utmost that parliament could ever have intended was that upon the requisition the senior officer of the district should send troops as far as he thought they were necessary and so far as they were under his command, that is to say, within his district, and that any troops that went in from outside went in on the responsibility of the government. Let me repeat: If the Justice department rules—and to the Justice department of course I must yield in matters of this kind, always reserving this statement: that parliament never so intended; it is preposterous to think parliament so intended—if the Justice department so rules, then the law must go, because the law is absurd. Now the minister proposes that it shall go and that in its place we shall have this situation: The municipality shall send the requisition? No, the municipality hereafter shall have no initiating power. The mayor? No; he is out of the picture too. The reeve? He is equally absent. The judge alone shall send the requisition—a statement of his belief—to the attorney general; the attorney general shall then consider the circumstances and, if he deems action necessary, requisition such action, and that such requisition shall be equally sweeping in its effect, extending beyond the military district, beyond the province and throughout the whole confines of Canada. Compliance with such requisition of the attorney general shall be mandatory upon the federal government without the intervention of the last discretion This is what the minister says he proposes to make the law of Canada instead of what exists to-day. Well, I have stated that the law is certainly a preposterous condition of affairs as it exists, if the minister's interpretation is right—it never was so intended. But it is only a little more preposterous than what the minister proposes. In the first place, why is the mayor—

5 p.m.

Mr. MACDONALD (Pictou): Perhaps I misapprehend my right hon. friend's point when he intimates I was desirous of making some change in the law which would be preposterous. With regard to the point he is making, as to the right of the district officer commanding to requisition troops outside the district, I shall be prepared when the bill comes before us in committee to consider any suggestion that may be made in regard to improving the law as it stands in that respect.

Mr. MEIGHEN: I am only taking the minister's answers as he gave them to me, because I was careful to ask him definitely two or three times, his intention. Certainly,

I repeat, if his intention is persisted in, if he perseveres, he will only have a state of affairs slightly less preposterous than that which exists to-day. I have always thought it was not quite just that on the hypothesis that the municipality was to pay, the initiation of the municipality's responsibility should be in any case shifted from the shoulders of its own officials and vested in a judge. I have never thought that was right. I do not dispute at all that such is the law, or that such has been the law right along. I contend only that that authority is confined within the circumference of the district and never was intended to go beyond. I contend that it is so confined, subject of course, to the higher authority of the Justice department. As to the original intention of parliament, nobody could convince me that it ever was to bring about the situation which has been described.

What is going to be the condition of affairs now? Apparently the municipality's direct responsibility is to go. The Minister of Railways (Mr. Graham) is not right in his interpretation of what is intended. According to the Minister of Railways the municipality is to be responsible first, then the province, and if both fail to preserve law and order, then the Dominion. There is no responsibility financially under this new legislation to devolve upon the municipality; the province is to be wholly responsible. Of course the province could so legislate as to distribute that responsibility, or localize it, but the minister's act comes into effect at once and no province has such legislation. I suggest that the minister should consider postponing the coming into operation of the act until the provinces have an opportunity to place the ultimate responsibility where heretofore it always has been.

Next, assuming that the provinces will want to bring back the old condition of affairs—the ultimate responsibility on the municipality—I do not see why the mayor and the mayor's officers should be wiped away and the judge alone put in their place. These two objections I advance now, but here is the one that is to me far more formidable and unanswerable: By what right is any province going to summon the Dominion parliament, the Dominion government, to gather its militia from all over the Dominion, land them in that province and keep them there as long as the officers of that province like? We will assume, for example, that Nova Scotia is the first to act. Alberta may be, Saskatchewan may be—the farmers there sometimes assume a militant attitude; but suppose Nova Scotia acts first: Nova Scotia becomes so alarmed that they believe the whole permanent militia of Canada—"active militia" is the way the act reads and the way it is going to read—should go in there. Last summer, for no very great cause, they thought they should go right from Winnipeg—if I am wrong I would like to be corrected—right out from Manitoba. Well, it would not take very much to have them come right from Vancouver; the Nova Scotia authorities can bring the troops and keep them there. Now suppose they do. The minister says "Oh, they are going to pay for it." Very well, but there may be trouble in Alberta the next week and how are we going to take care of that? There may be trouble in British Columbia. The Winnipeg situation may be repeated. What does the minister propose in that event? He is going to divest himself of every possible discretion, he is going to put himself utterly powerless in the hands of an attorney general, and if he does he will find himself helpless and disarmed should a certain situation arise comparable with the first. Now, I never have believed that there was no discretion in the Dominion government. I have always believed there was in so far as the troops are concerned beyond the district affected; and I insist that in this legislation discretion to this extent at least be preserved, that the federal government be not under command of any provincial authority to send troops into that district beyond those within the military district affected. Secondly, that beyond that circumference the power, utterly unfettered, remain in the hands of the responsible federal authorities.

Mr. MACDONALD (Pictou): One word in order to make clear to my right hon. friend that the law in that respect is not changed. Discretion is vested in the district officer commanding to go outside and take troops from the permanent force there when he deems it necessary. He also has the power to utilize the active militia within the province. While he has that right the power must be exercised with some discretion in each case and with due regard to which particular force will be necessary in order to bring to an end the difficulty that may have arisen. The difficulty my right hon. friend anticipates as a result of all the permanent force being concentrated in one province would hardly arise in actual practice because the district officer commanding always has power to utilize the services of the volunteer

militia who can be mobilized for the purpose. But one can hardly conceive of a case where a district officer commanding, say in Vancouver, would mobilize the militia in Ontario and move them there.

Mr. MEIGHEN: Was it not done last summer?

Mr. MACDONALD (Pictou): I understand what was done then was that the district officer commanding in Halifax obtained some detachments from Winnipeg in preference to mobilizing the ordinary volunteer militia. While the discretionary power has existed in the past, and while the volunteer militia are available to that extent, the department and the district officer commanding will have to exercise the discretion wisely. Then too he would have discretion as to the number of troops to be employed.

Mr. MEIGHEN: Discretion by whom?

Mr. MACDONALD (Pictou): By the district officer commanding to whom the requisition goes.

Mr. MEIGHEN: That is what I object to.

Mr. MACDONALD (Pictou): The government will accept any reasonable suggestion that may be advanced in order to make this bill thoroughly workable. Because this is really not a matter upon which there should be any political division; we are all approaching the subject with a view to framing the best possible law that can be enacted.

My right hon. friend has made a very good point as to whether it might not be desirable, should this legislation become law, of postponing its coming into operation. I have not the slightest doubt that the provinces will proceed to legislate so as to place the liability for the cost of any troops called in upon the particular municipality to which they are summoned. I shall be glad to consider any suggestions from the House generally, prompted by the desire to make this bill more efficient, when we come to consider the measure in committee.

Mr. MEIGHEN: There is just this I would add in reply to what the minister has said. He admits that the district officer commanding is to have this full sweeping authority under the amendments as proposed but he says that subsequently reasonable amendments to the bill may be accepted. He states it is not very likely that the district officer commanding would summon the militia from the ends of the country because the volunteer militia are available. Does he remember that the reason the permanent force are sent first is that they are the most efficient force; secondly, because that does not entail any cost upon the municipality as will be the result in this case. If the law is passed as proposed the district officer commanding will call out the permanent force and what will be the result? If the situation is just a little worse than it was in Nova Scotia he will summon the troops from Vancouver. What a fine situation would then arise if a difficulty occurred in Alberta or in British Columbia. The men who would be there would be these active militia, who would be paid day by day, without the support, without the experience, without the training and certainly without the efficiency of the permanent force. It would leave the rest of the country utterly stripped, and the government would stand stark and helpless, unable to do anything.

Resolution reported, read the second time and concurred in. Mr. Macdonald (Pictou) thereupon moved for leave to introduce Bill No. 169, to amend the Militia Act.

Motion agreed to, and bill read the first time.

SUPPLY

DEPARTMENT OF THE INTERIOR

The House in committee of Supply, Mr. Gordon in the chair.

Department of the Interior—salaries, $1,500,737 50; contingencies, $105,000.

Mr. ARTHURS: Explain.

Hon. CHARLES STEWART (Argenteuil) (Minister of the Interior): There is a reduction in the personnel of some sixteen. The details are as follows:

Increases:	
Statutory increases	$27,497 50
Promotions	2,810 00
Reorganization and reclassification	12,175 00
1 new position created	4,350 00
	$46,832 50
Decreases:	
17 positions abolished	$20,745 00
Vacancies, due to superannuation, promotions, resignations, deaths, etc., which have been reduced to the minimum of the class	9,832 00
Saving estimated to be effected through superannuation	20,500 00
	$51,077 00

Net, Decrease, $4,244.50.

That is a summary of the item.

Mr. McQUARRIE: What are the positions that have been abolished?

Mr. STEWART (Argenteuil): The details are:

Positions abolished, $20,745.	
1 Director of reclamation service	$4,800
2 Head clerks, 1 at $2,880, 1 at $2,280	5,160
2 junior clerks at $600	1,200
1 junior file clerk	600
1 clerk stenographer	1,065
7 junior clerk stenographers, 2 at $720, 1 at $705, 2 at $690, 1 at $645, 1 at $600	4,770
2 junior clerk typists at $600	1,200
1 senior engineering clerk	1,950
	$20,745

That makes seventeen.

Mr. McQUARRIE: Were these positions abolished on the recommendation of the Civil Service Commission?

Mr. STEWART (Argenteuil): No.

Mr. McQUARRIE: Are the salaries mentioned in this vote being reviewed by the Civil Service Commission and the Audit Board?

Mr. STEWART (Argenteuil): You mean the whole department—yes, they will be.

Mr. HOCKEN: With a view to increasing or decreasing?

Mr. STEWART (Argenteuil): I cannot tell you.

Mr. SUTHERLAND: What about the $20,500, saving effected through superannuation? Does that mean a saving to the department or does it include the saving to the country as a whole?

Mr. STEWART (Argenteuil): This is a saving to the department. The difference between the salary and the amount of superannuation would be the true saving to the government, but the department does not pay the superannuation and is not charged with it.

Mr. SUTHERLAND: The effect of superannuation might be to increase the cost to the country.

Mr. STEWART (Argenteuil): No, it could not. The superannuation is never the amount of the salary. The maximum superannuation is seven-tenths of the salary.

Mr. SUTHERLAND: Have the places of those superannuated been filled.

Mr. STEWART (Argenteuil): No.

Mr. SUTHERLAND: No additional appointments?

Mr. STEWART (Argenteuil): No.

Mr. GARDINER: I notice that a new position has been created of Assistant Director General of Surveys, at a salary of $4,350. Will the minister give us the explanation as to the nature of this position?

Mr. STEWART (Argenteuil): A reorganization is proceeding in the surveys of the department. We have discussed this a great many times, and in the amalgamation of the work I have been seeking to bring about in the department we have been endeavouring to cut down the staff. A number of the older officials are seeking superannuation, and the staff will be cut very materially. As a matter of fact, I cannot say offhand, but I know that we have three or four positions in that division which it is not our intention to fill. Of course the younger men in the service are taking the higher positions, but the Assistant Director General of Surveys, while not a temporary appointment, is more or less of that nature. Our director has been ill for the past three or four months, and is quite an aged gentleman. We are not adding to that particular branch of the work but rather decreasing it.

Mr. GARDINER: Is the present position filled, and if so how long has it been filled?

Mr. STEWART (Argenteuil): Mr. Thomas Shanks occupies that position.

Mr. GARDINER: How long has he occupied that position?

Mr. STEWART (Argenteuil): Since April first.

Mr. GARDINER: Is his appointment subject to the Civil Service Commission?

Mr. STEWART (Argenteuil): Yes.

Mr. GARDINER: Did he sit for examination?

Mr. STEWART (Argenteuil): Yes.

Mr. GARDINER: How long since the examination took place?

Mr. STEWART (Argenteuil): I have not the exact date at which the competition took place but it was some time last fall. I cannot remember the exact date. A number of the officers of the department wrote in that examination. The Civil Service Commission appointed him.

Mr. GARDINER: Was the position occupied prior to Mr. Shanks' appointment and by whom?

Mr. STEWART (Argenteuil): I think it was temporarily occupied by Mr. Peters.

Mr. GARDINER: For how long?

Mr. STEWART (Argenteuil): Perhaps it is a mistake to say it was occupied. Mr. Peters had been carrying on this work ever since he had been brought from Calgary. The hon. member for Portage la Prairie (Mr. Leader) raised the question of the allowance that was paid him for assisting with the reorganization. He was never appointed to the position. He was drawing the salary he had been drawing when located at Calgary.

Mr. GARDINER: I understand that the examination for the position of Assistant Director General of Surveys was made some time last fall, but notwithstanding the fact that Mr. Shanks was the proper person to appoint, he was kept out of the position because of the desire of someone to keep Mr. Peters in that particular position. Has the minister any explanation?

Mr. STEWART (Argenteuil): I do not know anything about that. The Civil Service Act is specific in that regard. In the case of post office appointments, I have one case in mind at the moment in which the appointment was made by the Civil Service Commission where it was not approved by the Postmaster General. Approval has to be given by the Governor in Council, but the recommendation comes from the department. In looking up the act I find that there is nothing that the department can do except to refuse approval. They might do that, but then that creates a situation that is impossible. There must be a trial of the individual passed upon by the Civil Service Commission. If he is unsatisfactory, then, of course, the department have authority, for which they must give reasons, for refusal to make the position permanent. But under the act they must accept the decision of the Civil Service Commission and appoint for six months the party named by them.

Mr. GARDINER: Did the department withhold approval of the appointment of Mr. Shanks?

Mr. STEWART (Argenteuil): I was not aware of that. That may be true.

Mr. SHAW: As reported on page 2510 of Hansard, I asked certain questions dealing with the appointment to a vacancy in the Fort Smith district agency. The material portion of the questions asked are as follows:

1. Is Mr. C. S. MacDonald, Dominion Land Surveyor, an employee in the Department of the Interior?
2. Was Mr. MacDonald appointed to the position of District Agent of the Northwest territories, at Fort Smith, N.W.T.?
3. If so, is Mr. MacDonald fulfilling the duties of that office? If not, why not?

[Mr. Gardiner.]

The answer to the first question was: Yes. The answer to the second question was:

He was notified by the Civil Service Commission to report on receipt of instructions from the department.

The answer to the third question was:

No. Has not got necessary administrative experience.

I want to draw that to the attention of the minister because, as he would know, the Civil Service Commission is the final body under the statute which determines as to the qualifications of the individual, and no department has any right to say that, because this man, after having been chosen by the Civil Service Commission, has not the necessary administrative experience, he shall, therefore, not occupy that particular position. That is a direct contravention of the statute, and I simply draw the attention of the minister to it, because I am sure, under the circumstances and realizing the matter, he will see that justice is done in the premises.

Mr. STEWART (Argenteuil): I think there must be some mistake with reference to the answer, because it is very clear that the department has not authority to appoint someone else in place of an appointee of the Civil Service Commission.

Mr. SHAW: The answer is to be found on page 2510 of Hansard. The further question which I did not read, because it was not material to the point I wished to make, is as follows:

(a) What person, if any, is acting as District Agent at Fort Smith, N.W.T.? (b) What salary does he receive and (c) from what fund is he being paid?

The answer is:

(a) J. A. McDougal; (b) Salary, $2,700, living allowance, $1,500; (c) Northwest Territories Administration vote.

The point I want to make is not that somebody else was put in the position, but that the Civil Service Commission gives a certificate to another individual to fill that position, and the department comes along and says: No, we will not place him in the position because he has not the necessary administrative experience.

Mr. STEWART (Argenteuil): I do not know anything about the particular circumstances, but I imagine that in that case McDougal could not draw his salary. I will make full inquiry. I think there must be something wrong with the inference that the Civil Service Commission appointed MacDonald.

Mr SHAW: The answer is perfectly clear.

Mr. STEWART (Argenteuil): These are checked very closely by the audit, and if that were the case, McDougal would not be able to draw his salary. I shall, however, make full inquiry. I do not want to get into a controversy about the matter at the moment.

Mr. McQUARRIE: Are all the increases shown statutory increases?

Mr. STEWART (Argenteuil): Yes.

Mr. McQUARRIE: There appear to be some decreases in salary. I notice on page 76 an item: Publicity agent, this year, $1,920; last year $2,400.

Mr. STEWART (Argenteuil): That can come about only in one way. There must have been a change, but the gentleman is at the minimum of the class instead of getting towards the maximum. The salary is fixed for that particular position with a maximum and a minimum. Of course, when a man moves out to some other position and a new man takes his position, he begins at the minimum salary.

Mr. McQUARRIE: On page 77 there is another item: Assistant Dominion land surveyor, this year, $2,555; last year; $2,562.

Mr. STEWART (Argenteuil): There have been a number of changes in the surveying staff; there have been a number of resignations, and undoubtedly the same answer applies in this case. This may not be the minimum salary, but it will be a lower salary than that which the former occupant of the position was receiving.

Mr. McQUARRIE: The same thing applies to all the other cases?

Mr. STEWART (Argenteuil): I am informed that it might be a difference in the date of the statutory increase. They do not all date at the beginning of the fiscal year. That might account for the smaller amount, but usually that happens because the occupant is beginning at the minimum of the class.

Mr. McQUARRIE: I suppose the same thing would apply to other cases where there have been decreases.

Mr. STEWART (Argenteuil): I am informed that there might be a difference in the date at which the statutory increase takes place. For instance it might not take place on the 1st April; it might occur on the 1st July or the 1st October.

Mr. McQUARRIE: There has been no attempt to decrease any of the salaries in this department?

Mr. STEWART (Argenteuil): We could not decrease salaries. The salaries for the positions are fixed.

Mr. MILLAR: Are homestead inspectors included in this appropriation?

Mr. STEWART (Argenteuil): No.

Mr. EVANS: How many are maintained in the three prairie provinces and what salaries are they receiving?

Mr. STEWART (Argenteuil): We passed that item, but I will try to get the information for my hon. friend.

Mr. MEIGHEN: The minister says that he could not decrease the salaries. Will he tell us who could?

Mr. STEWART (Argenteuil): I think my right hon. friend will agree with me that the Civil Service Commission fix the minimum and maximum salaries for any particular position. The minister has nothing to do with salaries, except those of his secretary and the deputy minister. They are the only positions over which he has control, with the exception of positions the remuneration for which is under $200. I think that is the amount fixed now. The salaries of all other positions are fixed by the Civil Service Commission, with a maximum and minimum for the class.

Mr. MEIGHEN: At the request of the government. If the government wants the Civil Service Commission to revise the salaries down, all it has to do is to request them to do so.

Mr. STEWART (Argenteuil): I know that.

Mr. MEIGHEN: No country has put out of the hands of the government or of parliament the power to determine the salaries it pays to its employees.

Mr. STEWART (Argenteuil): That is quite right. The minister or the deputy minister can make recommendations. In fact, he has made recommendations and the recommendation goes to the Civil Service Commission, but the commission adjudicate on that recommendation.

Mr. MEIGHEN: They do not adjudicate except to this extent: They make recommendations to the government which the government may accept or not as it sees fit. But the general scale of salaries is a matter which is in the hands of the government, and the

Civil Service Commission merely makes a classification of the individual salaries. If at any time the government wants to reduce the total, all it has to do is to intimate to the commission that a reduction of 10 or 15 per cent, as the case may be, is required, and the Commission will classify accordingly. When a general scale comes before the government the government passes it or sends it back.

Mr. STEWART (Argenteuil): I do not agree that the government goes as far as that.

Mr. MEIGHEN: Certainly it does.

Mr. STEWART (Argenteuil): I am having a little experience with the commission now in regard to the postal employees. The government or the minister or the deputy minister can make a recommendation, but the commission fixes—

Mr. MEIGHEN: The Civil Service Commission does not fix anything; it only makes recommendations to the government.

Mr. STEWART (Argenteuil): Well, let us say it recommends. But what does the act say about the powers of the government? The government may approve; but if it does not approve, what then?

Mr. MEIGHEN: It refers the matter back.

Mr. STEWART (Argenteuil): But if there is to be a continuous reference back and forth there is going to be an impasse. The Civil Service Commission makes a recommendation to the minister or the deputy minister naming, or fixing, or suggesting such and such salaries and remunerations as it sees fit.

Mr. MEIGHEN: Only the government can finally determine what the general scale shall be. If the government does not approve of a scale because it is too high it can refer the matter back to the Civil Service Commission. The minister knows as well as he is sitting in his seat that if the government felt that a general scale was five, or ten or fifteen per cent higher than it should be under present conditions, all that would be necessary would be to so represent to the commission and ask them to submit a scale reduced individually in accordance with that general reduction. The minister knows that.

Mr. BELAND: Would that not be considered undue influence?

Mr. MEIGHEN: Not at all; it is entirely in the hands of the government to say what the general scale ought to be.

[Mr. Meighen.]

Mr. STEWART (Argenteuil): Does my hon. friend suggest that the commission is bound to accept that recommendation from the government?

Mr. MEIGHEN: Certainly.

Mr. STEWART (Argenteuil): I am glad to know that, because I cannot construe the act in that way.

Mr. MEIGHEN: The minister knows that the Civil Service Commission is a classifying body; but the general scale is something which is in the hands of the government, subject to parliament. The minister, to get out of some trouble that threatened in the post office department, referred the scale back to the commission for revision. The commission revised it but the government did not say whether they wanted it up or down. Is it not a fact that the commission asked whether the government wanted the scale up or down?

Mr. STEWART (Argenteuil): Not that I am aware of.

Mr. MEIGHEN: If the minister will make inquiries he will find that to be the case. But I could not see how in the world the commission could be expected to make a revision, having just done so, unless there was an intimation as to what the government wanted. I made formal inquiries to find out the facts and I discovered that the government did not inform the commission what it desired to have done.

Mr. STEWART (Argenteuil): My hon. friend was in the government which passed the act.

Mr. MEIGHEN: Yes; and the act is all right. But we never said that we were helpless under it.

Mr. STEWART (Argenteuil): Does my right hon. friend suggest that the government has any control over the question as to what the salaries shall be?

Mr. MEIGHEN: In so far as the general level of salaries is concerned. If the government think that the general scale in any case is too high, all they have to do is to inform the commission accordingly. And I challenge them to try that out. If the government are of the opinion that salaries are too high, I ask them to submit a requisition to the commission, as they did in the case of the Post Office Department, only intimating, in this instance, the reason for the revision. Let them say: "We want the salaries revised because we be-

lieve they are too high; we think there should be a reduction of 10 or 15 per cent and we ask you to make a recommendation with that in view." Let the government try that and see if the commission will not respond.

Mr. STEWART (Argenteuil): I usually agree with my hon. friend but I cannot on this occasion.

Mr. MEIGHEN: Try it out.

Mr. STEWART (Argenteuil): What in the name of heaven was the commission appointed for if it is to be a rubber stamp in a matter of this kind? I am not a lawyer and in construing the act I am apt to make terrible mistakes. But I take the intent of the act to be that the commission should exist for the very purpose of taking this matter from the hands of the government. I quite understand that the government is ultimately responsible.

Mr. MEIGHEN: That is the point.

Mr. STEWART (Argenteuil): But on the other hand what is the sense of having a commission if the government are to have absolute control to this extent?

Mr. MEIGHEN: The minister knows that the commission has two functions, one, to classify and the other, to appoint, subject in every case to the approval of the government. But it has no final authority in any case. These two functions of the commission are considerable; but surely no one will suggest that parliament has put into the hands of that body the uncontrollable power to write cheques at whatever dimensions it sees fit against the treasury of Canada in favour of the service of Canada. It cannot possibly do that.

Mr. STEWART (Argenteuil): Does my right hon. friend suggest that if the minister or the deputy should recommend that a salary of, say, $4,500 be paid a certain individual, it is the duty of the commission to fix that salary?

Mr. MEIGHEN: I never said that, and that is not the fact.

Mr. STEWART (Argenteuil): What my hon. friend is saying seems to be to that effect.

Mr. MEIGHEN: What I am saying is that the responsibility for the general level of salaries rests with the government, and if they feel that it is too high they can refer the matter to the commission with a request that it be reduced by a certain percentage. If they make that recommendation the commission will undoubtedly act upon it. The commission will then by its classification adjust the individual salaries to meet the total reduction. The reason I went into this matter was that the minister of a department, to get out of a trouble that was his own, made a reference to the commission. I asked the minister concerned and the Prime Minister whether they had indicated to the commission just what they really wanted—whether an upward or a downward revision—and they said, no; they virtually said, "We just threw the thing at them." I therefore wondered what in the world the commission would do, and upon making inquiries in the regular way I learned that they had never been informed by the government as to whether the revision was to be up or down, or by how much. So that I am speaking of my own knowledge when I say that if the government really think the general scale is too high, all they have to do is to say so and they will get a classification apportioning the individual salaries so as to meet the lower level.

Mr. STEWART (Argenteuil): I can well understand that the commission would pay a great deal of attention to any recommendation from the government regarding a general revision of an entire scale of salaries. One can easily understand that. But that is not the point I have been trying to make. I understand that the commission can go even a great deal further, in a general way, than my right hon. friend argues this afternoon. But the government need not accept any recommendation of the commission, and it would be absurd to suggest anything else.

Mr. McQUARRIE: Is it not a fact that in connection with the revision of salaries of postal employees the commission reported three several times to the government and three several times the government returned to the commission the recommendation it had made?

Mr. STEWART (Argenteuil): I think my hon. friend is correct in making the statement twice, not three times.

Mr. McQUARRIE: Then for what reason was the report returned to the Civil Service Commission?

The CHAIRMAN: That is not under this vote; this is the Interior.

Mr. STEWART (Argenteuil): I cannot answer that question.

Mr. MEIGHEN: To gain time.

Mr. STEWART (Argenteuil): Not at all.

Mr. McQUARRIE: I simply mention this, Mr. Chairman, because the minister has referred to it himself.

The CHAIRMAN: It is not in this vote anyway.

Mr. STEWART (Argenteuil): It was referred to by my hon. friend.

The CHAIRMAN: It was used by the right hon. leader of the opposition as a measure of comparison.

Mr. McQUARRIE: My memory may be wrong then, but I think Hansard will bear me out. As I understand, the minister said he had some trouble with the postal employees. However, if you rule out any discussion, Mr. Chairman—

The CHAIRMAN: No, I do not. By way of comparison, it might be used, but I say you cannot address to the minister under the Interior vote an inquiry relating to the postal service.

Mr. McQUARRIE: Then I will ask this question: Is the revision of the salaries of the Interior department and of the Department of Indian Affairs being proceeded with, and what stage has it reached?

Mr. STEWART (Argenteuil): I cannot tell my hon. friend whether the revision has commenced or not, but all salaries which were affected by the bonus are under revision.

Mr. McQUARRIE: Has the Civil Service Commission made any report as to any other salaries than those of the postal employees?

Mr. STEWART (Argenteuil): Not that I am aware of.

Mr. McQUARRIE: Would the minister be aware if they had made a report?

Mr. STEWART (Argenteuil): I think so. There has been none so far as I know.

Mr. McQUARRIE: Then what is the reason why the postal employees' salaries have been taken up first?

Mr. STEWART (Argenteuil): The order in council, which was laid upon the Table, asked that the postal employees and the customs employees be dealt with first.

Mr. McQUARRIE: Of course that hardly answers the question. Why was it the government desired the commission to take up the postal employees' salaries first? Was it on account of the threatened strike?

Mr. STEWART (Argenteuil): Naturally that was part of the reason.

Mr. McQUARRIE: That was the reason. When I asked the Prime Minister the other day he answered that that had nothing to do with it at all.

Mr. STEWART (Argenteuil): When a readjustment was asked for by the postal employees a serious situation arose—for I think my hon. friend will agree with me that a strike of the postal employees would be a serious situation—and I think he will also agree that it was well that their salaries should be dealt wtih as soon as possible.

Mr. McQUARRIE: That is the way it appealed to me, and I was rather surprised at the Prime Minister's answer. I must say that the answer which the minister has just given appears to me much more reasonable. In regard to the revision of the salaries of other employees of the Civil Service, there is, as I understand it, great complaint that the revision is not being proceeded with and that the men are not receiving any consideration whatever. Has the minister heard of any such complaints?

Mr. STEWART (Argenteuil): I have had no notice of any complaints in the three departments of which I have charge.

Mr. MEIGHEN: Will the minister say what his attitude is towards a strike in the Civil Service; does he think it should be treated the same as a strike by private employees?

Mr. STEWART (Argenteuil): No, I do not.

Mr. MEIGHEN: What would be the government's attitude?

Mr. STEWART (Argenteuil): I do not think this is the place to commit ourselves in face of the difficulties which confront us; but it seems to me, that policemen and civil servants are in a different category altogether from people engaged in industrial disputes; they are servants of the Crown. It is rather a serious thing for these men to resort to a strike. On the other hand, one cannot say that they should be denied the right to protect themselves. However, that is my general attitude.

Mr. MEIGHEN: Nobody disputes that.

Mr. McQUARRIE: We will suppose that the employees of the Interior department were threatening to strike: Would the minister and the government then take up the revision of their salaries next after the consideration of the salaries of the postal employees?

Mr. STEWART (Argenteuil): My hon. friend is very thirsty for information. Speak-

ing from memory, I think the order in council requested that if possible the salaries of the postal employees and the customs employees should be dealt with first.

Mr. McQUARRIE: But the salaries of the customs employees are not being dealt with, I understand.

Mr. STEWART (Argenteuil): I cannot answer that question, I do not know.

Mr. McQUARRIE: There is no report from the Civil Service Commission?

Mr. STEWART (Argenteuil): I may say that the same request for expedition has been asked all along the line. I can hardly believe that the Civil Service Commission is simply doing nothing.

Mr. McQUARRIE: What is the government doing to assist expedition?

Mr. STEWART (Argenteuil): So far as I know, the government have no knowledge that there is a complaint.

Mr. MEIGHEN: Has not the government refused already to accept two reports from the Civil Service Commission?

Mr. STEWART (Argenteuil): My hon. friend is asking another question entirely.

Mr. MEIGHEN: No, that is the same question. First the minister said that the government instructed the Civil Service Commission to use all expedition so as to get all possible light on the subject, but he said a little while ago that the commission reported once and the government referred the report back, and after the commission reported again the government again referred the report back. So the government's instructions are a great deal better than its actions.

Mr. STEWART (Argenteuil): Refusal is hardly the word.

Mr. MEIGHEN: The government referred the report back. So far as expedition is concerned, it amounts to the same thing.

Mr. STEWART (Argenteuil): I am not objecting, but I do not think refusal is the proper word to use at this juncture with respect to the revision of the salaries of the postal employees.

Mr. MEIGHEN: It is equally effective.

Mr. STEWART (Argenteuil): Our idea is to try to arrange an amicable settlement, and I think my right hon. friend will agree that that is the proper course to pursue. I happen to be rather vitally interested inasmuch as I am Acting Postmaster General, and therefore that is the only object I have in view. On the other hand, I do not want the idea to go out that because these men met and took a strike vote that was the sole reason why they were dealt with at once. Undoubtedly it was one of the reasons so as to see if an amicable adjustment could not be made. But I would very much resent compulsion from the post office or any other employees. At the same time I want to make it very clear that I am desirous to give them just, fair and equitable treatment.

Mr. McQUARRIE: What were the other reasons?

Mr. STEWART (Argenteuil): My hon. friend seems to be desperately anxious to obtain information on this point. I think my hon. friend will readily agree that the Acting Postmaster General has a rather difficult situation on his hands, and he will appreciate that words which I may utter here may be used outside the House, and perhaps imperil an equitable adjustment of the trouble. I hope it will be settled within a day or two, and settled amicably. I cannot prevent these employees from going on strike, and I am not making any threats about it. I am trying to make this adjustment, but my hon. friend is pressing for information that I have had to refuse to give to the representatives of the employees.

Mr. McQUARRIE: I understand the minister to say that the threatened strike was only one of the reasons for giving preference to the postal employees.

Mr. STEWART (Argenteuil): The other reason is this; the postal employees have been pressing for an adjustment for the last two years, and so have the customs officers.

Mr. McQUARRIE: Other departments as well.

Mr. STEWART (Argenteuil): That may be so, but frankly I was not aware that other departments had been doing so. Undoubtedly, individuals and groups in other departments have been but there has not been the request for a general adjustment such as the postal employees and the customs officials have asked for.

Mr. McQUARRIE: The Amalgamated Civil Servants of Canada have had their representatives here; have they not requested that the revision of their salaries be proceeded with immediately? Are they not pressing for the other departments just as much as the Postal Employees' Association have been pressing for theirs?

Mr. STEWART (Argenteuil): If that is the fact I was not aware of it—not to the same extent.

Mr. McQUARRIE: The minister stated that some seventeen positions in his department had been abolished on his recommendation.

Mr. STEWART (Argenteuil): Yes.

Mr. McQUARRIE: And not on the recommendation of the Civil Service Commission—that is as I understood him?

Mr. STEWART (Argenteuil): That is correct.

Mr. McQUARRIE: The first position was, I think, in reference to reclamation. Were the seventeen all in the same class?

Mr. STEWART (Argenteuil): I am not sure about that, but I do not think so. They may have been attached to other branches of the same department than the Reclamation branch.

Mr. McQUARRIE: As I understand it, the government are giving up certain reclamation works in the prairie provinces and consequently are able to make a reduction in the staff. I am asking if the seventeen positions—

Mr. STEWART (Argenteuil): If my memory serves me rightly only two of the officials of the Reclamation branch are paid out of the civil government vote; the remainder are paid out of the votes we passed yesterday. There has been a reduction of about eighty in the whole Reclamation branch; all these reductions do not appear here.

Mr. McQUARRIE: That is what I was asking about. As I understand it—

At six o'clock the Speaker resumed the chair and the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 156, for the relief of Louis White.—Mr. Lovett.

Bill No. 158, to incorporate Merchant Casualty Insurance Company.—Mr. Euler.

Bill No. 159, to incorpate The Laurentian Insurance Company.—Mr. Jacobs.

Bill No. 160, for the relief of Merlin Englehart Clubine.—Mr. Martell.

Bill No. 161, for the relief of Victoria Stella Haswell.—Mr. Gordon.

[Mr. McQuarrie.]

Bill No. 162, for the relief of Thyrza Ewart (otherwise known as Thyrza Hodgins).—Mr. Harris.

Bill No. 163, for the relief of Rebecca Messer.—Mr. Arthurs.

Bill No. 164, for the relief of James Henry Kirkwood.—Mr. Anderson.

Bill No. 165, for the relief of Dorothy Marie Robinson.—Mr. Harris.

SUPPLY

DEPARTMENT OF THE INTERIOR

The House again in committee of Supply, Mr. Gordon in the chair.

Department of the Interior—salaries, $1,500,737.50; contingencies, $105,000.

Mr. McQUARRIE: The difference between the salaries this year and the salaries last year is $4,244.50, and I think the minister explained how that was made up by saying that some 17 positions had been abolished, the particulars of which he gave. What will be the total amount of salaries in the Interior department for this year?

Mr. STEWART (Argenteuil): The amount will be $1,500,737.50.

Mr. McQUARRIE: Are there any other salaries which are not included in this vote?

Mr. STEWART (Argenteuil): Yes.

Mr. McQUARRIE: That is what I am asking.

Mr. STEWART (Argenteuil): I could not attempt to give you the salaries. We were discussing that in connection with the parks administration and irrigation. There are innumerable services for which we have passed votes where the salaries are proportionate to the vote.

Mr. McQUARRIE: My hon. friend cannot give it.

Mr. STEWART (Argenteuil): No, there are too many divisions. Then there are part time services and full time services, day labourers and prevailing rates of pay. There are innumerable salaries mixed up with the vote.

Mr. McQUARRIE: Of course, but I should think the minister would be able to inform the committee as to the total amount of salaries in his department; however, he says he cannot do that.

Mr. STEWART (Argenteuil): If we had a considerable amount of time I assume I could have a return prepared for my hon. friend showing exactly the amount expended in salaries and for other services; but we have not them segregated in the department.

Mr. McQUARRIE: Surely the minister has been trying to figure out whether he could do anything in the way of economizing?

Mr. STEWART (Argenteuil): Oh, yes.

Mr. McQUARRIE: As far as I can see there is practically no economy this year as compared with last year in the estimates we have before us, except the amount mentioned, $4,244.50, out of a total salary vote of $1,500,737.50. The minister has no doubt seen the indictment against his department which has appeared in MacLean's Magazine. It would seem to me that the very first thing the minister would do would be to find out how much salary he was paying, how many employees he had, and what could be done in the way of economy. I have before me MacLean's Magazine of February 1 of this year, in which some particular reference is made to the Department of the Interior, and perhaps I might have the privilege of reading a small extract from this article.

The CHAIRMAN: The hon. member is limited to civil government and is not entitled to go outside of that.

Mr. McQUARRIE: I think this is civil government.

The CHAIRMAN: The hon. member has not been talking civil government recently.

Mr. McQUARRIE: Take the Department of the Interior; twenty years ago this department got along with 231 officials, who drew salaries to the total of $214,000 a year. By 1906 the number of officials had exactly doubled and salaries had reached $382,000, and thereafter there was a regular deluge of new officials and expenditure. Then in the year 1907—

Mr. McBRIDE: Is it understood that we have come down here to listen to members reading the paper?

Mr. McQUARRIE: I want to find out if there are any economies and if so what they are. I find the number of employees and their salaries were as follows:

Year	No. of Employees	Total Salaries
1907	468	$ 411,377
1908	578	514,712
1909	663	679,897
1910	666	773,925
1911	701	817,544
1912	720	862,023
1913	806	939,565
1914	909	1,032,127
1915	976	1,113,555

The CHAIRMAN: Will the hon. member tell me the relevancy of this particular matter. I am not able to ascertain it. His inquiry must be relevant to the matter of civil government and contingencies.

Mr. McQUARRIE: I am asking whether it is not possible for the minister to economize in his department.

Mr. STEWART (Argenteuil): If the hon. member will look up the figures for this year, as against last year, in the general vote he will find that there is a reduction of $769,000 all told. There is only a certain reduction in civil government. My hon. friend's remarks are quite relevant. He is reading a statement with reference to civil government and that is the vote we are discussing at the moment. I am doing my level best to ascertain where economies can be instituted and I hope to be able to make reductions. We have reduced the staff by seventeen employees under the head of civil government and I think I can reduce it more because it is needless for me to say to my hon. friend that there is not as much business done now as there was in the year when the department had a thousand employees. We have reduced the staff by seventeen and we have a number of retirements of elderly people in view. I do not wish to say that I am forcing these people out, they are retiring voluntarily and their positions will not be filled. I propose to reduce the staff just as fast as I can, because this is a very large department and it costs a lot of money. My hon. friend must bear in mind that the unfairness of the article from which he is quoting consists in this, that no allowance is made in it for the difference between the salaries prevalent to-day and those in the days as regards which comparisons are made. It is quite fair to make the comparison as to numbers as long as you compare the volume of work in carrying on the department. I have not increased the civil government staff of the Department of the Interior by a single individual. Reductions have gone on every year since I have taken office.

Mr. McQUARRIE: The only reduction this year is $4,000 in a vote of $1,500,000.

Mr. STEWART (Argenteuil): But the hon. member must not forget that the reduction of $4,000 applies only to civil government, and that in the general administrative appropriation there is a very striking reduction of more than $700,000 as against last year.

Mr. McQUARRIE: We have not that information yet. I asked the minister what was the total amount of salaries in his department this year and he did not even know that.

Mr. STEWART (Argenteuil): My hon. friend is most unfair. I said frankly that I could not segregate the vote, but that does not mean there is not a reduction. If my hon. friend will look at the general administrative appropriation, he will find the reduction I have mentioned, namely, $700,000. The department must be credited with the total reduction as against last year.

Mr. McQUARRIE: What appears to me as being so remarkable in view of those charges and similar ones that have been made of extravagance on the part of the government, is that the minister should not have ascertained how much his department is actually costing in salaries.

Mr. STEWART (Argenteuil): This is the exact amount that we are discussing and voting now; that compares precisely with the statement in MacLean's Magazine.

Mr. McQUARRIE: I will go on and give the rest of it.

Mr. STEWART (Argenteuil): My hon. friend is welcome to do so, but there is nothing in MacLean's Magazine that deals with the general departmental vote. It deals with the civil government vote of the department. The Civil Service as regards numbers has been reduced by 300 employees. There were 1,000 people according to the statement made by Mr. O'Leary.

Mr. McQUARRIE: I have not a reduction; I have an increase all the time. The balance of the statement is as follows:

Year	No. of Employees	Salaries
1916..	1,058	$1,247,875
1917..	1,080	1,257,972
1918..	1,191	1,463,960
1919..	1,150	1,634,206
1920..	1,242	1,932,265
1921..	1,238	2,119,818
1922..	1,342	2,402,680
1923 (nine months).. ..	1,329	1,794,488

This is the indictment of the department:

No one will seriously argue that the administrative requirements of the Interior are any greater to-day than they were in 1913; yet the fact remains—as these figures show—that the department has increased its staff between that time and the present by more than 500 officials, and has advanced its cost to the public by about $1,250,000 a year. And this, be it remembered, does not include officials and salaries of the Interior department in the outside service, and has nothing whatever to do with the Department of Immigration. Taken all in all it is one of the worst examples of overmanning in the government service.

Those statements are either true or untrue. If they are true, then the department is seriously overstaffed. What is the minister doing to meet that situation? He is asking this year for practically the same amount of money as was required last year. There is no reduction at all except this $4,000.

Mr. STEWART (Argenteuil): That is not the case, for this reason. As I pointed out to my hon. friend before, if he will carefully examine the statement, he will find that there is a reduction of over $700,000 in the general vote for the department and a very large part of the staff is paid from that vote. We have $1,500,000 voted for 816 employees who are under civil government and whose names appear in this list. We have a reduction there of $4,000. We have been reducing the staff very rapidly and the statement contained in MacLean's Magazine that we are overmanned because of an increase of staff is quite beyond a reasonable statement of the true condition of affairs. My hon. friend, perhaps, will say that, because of a reduction of the work of this particular department, we should have a tremendous reduction in staff. To some extent that is true and as fast as we can reduce, we are doing so. But some people forget that this department is cleaning up such accounts as we were discussing the other day: advances for seed grain, loans to settlers and homesteads still to be inspected, although not at the same ratio because we have not homesteading going on. That particular activity in the department is the place where we can reduce most rapidly, but there is no reduction in our work in the other direction. I do not say that I cannot make considerable reductions in the staff; I propose doing so and I am doing so all the time, and also making a reduction in expenditure. I claim that a reduction of three-quarters of a million dollars in one year is meeting at a pretty reasonable rate the clamour for reduced expenditure. I cannot but think that I have done all that is humanly possible in the way of reduction this year. I am not going to say that it is ended, because I think I can make more reductions, and I propose to make more—more reduction in this particular staff as well as in the outside service—as fast as the work decreases. The statement that the department has been hugely overmanned, I do not think I or my predecessor would admit. It has been reduced in my time, but there is a tremendous amount of work performed in the Department of the Interior. If my hon. friend has time some day just to look into the activities of the department, he will discover how much territory we cover. We are administering land and resources in three provinces in the prairie belt, in his own province, in the Peace river block.

That cannot be done without a staff at the head office or without a staff in the provinces. I confess that the reduction in the provinces this year, the closing up of the land office at Saskatoon, the cutting out of sub-offices, and the closing of the one at Battleford, with the consequent reduction of $700,000 in the estimates, have been the subject of severe criticism on the ground that we are not giving the service to the people. Let me say however that I am doing the best I can with a very large department.

Mr. SUTHERLAND: Does the minister say that there has been a reduction of $750,000 in the cost of civil government in connection with his staff?

Mr. STEWART (Argenteuil): I did not say it was in the staff. In the general vote we passed yesterday, except for the one item of $8,000, there is a reduction of the amount I mention.

Mr. SUTHERLAND: Shortly before six o'clock I inquired of the minister whether there had been any increase in the staff this year and he said there had not been any. I notice on page 76 of the estimates that there is a new appointment this year of an Assistant Director of General Surveys at a salary of $4,350. Apparently this is a new office that has been created.

Mr. STEWART (Argenteuil): No; this official is transferred from another position.

Mr. SUTHERLAND: The minister also intimated that, according to the statement in the estimates, there had been a saving of $20,500 by reason of a number of officials having been superannuated. But the fact is that these officials are really transferred to another department of the government, as one might say; they are put on the superannuation list and, as the minister admits, the cost in connection with them is about seven-tenths of what it was previously. So that after all there is not a saving of $20,500 in that connection as we have been given to understand; there may seem to be a saving to the minister's department of that amount but it is not a saving to the country. Some time during the session I placed on the order paper the following question:

What is the total amount in annual salary of the new appointments to the Civil Service since December 29, 1922?

The answer was that, in connection with the Department of Interior, there had been an increase during that period of $227,761 under the head of civil government. In 1922 the increase was $114,904, in 1923 $105,149—

Mr. STEWART (Argenteuil): I hope the hon. gentleman is not attributing this to an increase in staff.

Mr. SUTHERLAND: The question speaks for itself. Let me read it again:

What is the total amount in annual salary of the new appointments to the Civil Service since December 29, 1922?

That was the question, and as I have stated, the increase for 1922 was stated to be $114,904, for 1923 $105,149 and for 1924 $7,708. Now, this does not indicate any decrease in the cost of the department in connection with staff, if these figures are correct. And this is the only way we have of arriving at any clear and definite understanding as to what is going on in the department. It is well understood that there is an enormous increase in the Civil Service of the country, and the great need in Canada to-day, not only in the administration of public affairs but in every other sphere, is economy; particularly in connection with the government of the country, the paramount need is economy in the Civil Service. We must reduce our expenditures in every possible way if we are to make ends meet. Yet we are daily receiving notices from the Civil Service Commission of appointments to be made in the various departments of government. I would suggest to the government that instead of making new appointments, they utilize some of the superfluous assistance which is at present employed in some of the departments; rather than create new offices the government should transfer from those departments that are over-manned, to others in which more help is required, such officials as at the present time are unnecessary. But this is not being done; on the contrary, advertisements are appearing frequently from time to time in regard to fresh appointments that are being made. Why do the government not transfer these superfluous officials from one department to another and economize in that way? There must be something radically wrong in the system when these new appointments are being made with such frequency. I can quite understand the hardship it would be to throw out of employment civil servants who have spent the greater part of their lives in the service of the country and who would find it exceedingly difficult to compete with people in private life. I would not advocate any such thing; nor do I think such a policy is necessary. But it is imperative that the government should practise economy in this matter; there should be some common sense in the filling of positions. When therefore some official is required for

a new position that is to be filled, why not transfer somebody who is not needed in some other department? Men are being superannuated to-day who are just as useful to the country as they were some years ago, and possibly more so in view of the experience they have acquired. Many of the new appointees are men of over sixty. I am not referring to the Civil Service in Ottawa; but I have in mind just now a man of upwards of sixty-five whose hearing and sight were both bad who was appointed to a position only a short time ago through the Civil Service Commission acting under instructions from the government, while at the same time other men who are more competent are being superannuated. There is no sense in this; why not take the matter in hand and, where there are idle officials in one department, transfer them to some branch which is in need of extra help, rather than go to the expense of a new appointment. If this return is correct I am inclined to think that the minister is not frank with the committee to-night; at any rate there is something wrong somewhere. I have put questions to other ministers in this regard when their estimates have been before the committee and I have received answers similar to those which we have been given to-night, that the number of officials is being reduced. But the returns tabled in answer to questions do not bear this out. We must reduce overhead expenses in this country if we are to carry on; that is obvious to every one. I am not in favour of turning out those who have served the country for a number of years to the best of their ability. At the same time, however, those who are found to be superfluous could very easily be utilized by being transferred to some other department. This would be much better for all concerned. Certainly those civil servants who have been in the service of the country for such a length of time are entitled to every consideration at the hands of the government and of the people, especially when we reflect on their inability to meet competition in a department of life which would be entirely new to them. Why, the very hours which they are called upon to serve constitute a handicap to them; they are not accustomed to a day's work, and they would be at a disadvantage if they were turned out of the service.

Mr. HEALY: Put them in the Senate.

Mr. SUTHERLAND: I think the minister ought to give us some explanation as to the necessity for this new appointment of an Assistant Director of General Surveys at a salary of $4,350. There are areas of land unsurveyed in the Northwest Territories which, it seems to me, it is not absolutely necessary should be brought under cultivation just now. If there is anything of which we have a surplus in Canada to-day, it is farmers. I noticed an article in a New York paper a short time ago referring to the exodus of farmers from the United States to Canada, and particularly to northwestern Canada. They pointed out that there were people who had been engaged in grain growing in the United States and would not adapt themselves to diversified farming there, and that they had gone to Canada in order to obtain cheap land.

Mr. McBRIDE: Is the hon. member opposed to any more farmers coming to this country?

Mr. SUTHERLAND: I do not think my hon. friend's question is pertinent to the subject we are discussing. I am referring to an article which appeared in a New York paper pointing out that the exodus of American farmers to Canada was decreasing, giving the numbers for several years past, and stating that the great problem in the United States was the necessity for reducing the acreage under wheat, as they were growing too much wheat, and that the country was glad to get rid of these grain growers who would not adapt themselves to general farming and were therefore going to western Canada. The article stated that the United States had secured for their industries one-third of the Canadians who had so distinguished themselves overseas, and it compared the advantages which had accrued to the country in the exchange. Now, I do not understand why it should be necessary to create this new position of Assistant Director General of Surveys. I think it would be much more to the advantage of the Dominion to see that our farms are properly cultivated rather than to bring new areas under cultivation. For that reason I would ask the minister to inform the committee why it is necessary that this new position should be created. Also, whether the statement furnished in response to the question which I submitted is correct or not.

Mr. STEWART (Argenteuil): It is quite correct, but it does not mean that an additional two hundred men have been appointed to the staff; it simply means that vacancies have been filled by new people. They may already have been inside the service. For example, let me quote the number of transfers within the department. In 1920

135; in 1921, 190; in 1922, 184; in 1923, 136. These are transfers of clerks from one branch to another. What my hon. friend complains about is being done every day.

Mr. SUTHERLAND: Those would not be considered new appointments surely.

Mr. STEWART (Argenteuil): They are not; neither does the return cover them.

Mr. SUTHERLAND: That is the question.

Mr. STEWART (Argenteuil): I admit that the return is a little misleading in that respect. It means that that is the number of people we have put into positions in the service, not necessarily creating new positions.

Mr. SUTHERLAND: New appointments?

Mr. STEWART (Argenteuil): New appointments in those particular jobs, not additions to the staff.

Mr. SUTHERLAND: That is the question: What is the total amount in annual salary of new appointments to the Civil Service since December 29, 1922? That does not cover transfers.

Mr. HANSON: The report is misleading if it covers transfers.

Mr. STEWART (Argenteuil): No, it does not mean that the total staff was increased by that number. We may have had the same number of resignations and these new people were appointed to the vacancies. I was under the impression that my hon. friend was misled by the idea that the return covered new positions which had been created since 1922. That is not the fact, because really we have been reducing the staff. I am not claiming any particular credit for it, as the war created a great deal of extra work, and necessitated additions to the staff, but the general reductions in the staff, I think, run between four thousand and five thousand according to the last returns. The numbers I have read represent transfers. Now wherever we have a person who can take a position in some other branch we are trying to place him there, always with the consent of the Civil Service Commission, because we have in our department a representative of the commission who is going through the staff all the time and assisting us in this work.

Mr. HANSON: Would the return which the member for South Oxford (Mr. Sutherland) has referred to include transfers such as the minister is now speaking of?

Mr. STEWART (Argenteuil): I do not think it would.

Mr. HANSON: It would mean either new positions created or vacancies filled from outside altogether?

Mr. STEWART (Argenteuil): Not necessarily new positions.

Mr. HANSON: One or the other.

Mr. STEWART (Argenteuil): They are new people who come into the service to take new positions.

Mr. HANSON: I think one criticism which may be made of this department, as well as of others, is that while it is true the minister has in his general estimates shown a saving of three-quarters of a million dollars, he has not shown a corresponding saving in the overhead, and this is the one thing which the country is criticising very severely. It cannot be said with any degree of accuracy that a reduction of seventeen in the number of officials in this department is in any way commensurate with the reduction in the service of the department as a whole, neither can it be said that a saving of $4,000 in overhead salary is commensurate with the decreasing work the minister has himself acknowledged. I have no doubt he has made a good start with respect to the outside service, but I do not think he will claim—and he has not claimed really here to-night—that he has made very much progress with respect to the inside service in Ottawa. That may not be the minister's fault, but a reduction of the inside staff ought to be his aim, and it is what the country is asking for. It is felt that there are altogether too many civil service officials in the head offices of these various departments. I think the minister if he is candid will agree with my criticism.

Mr. STEWART (Argenteuil): The centre of the whole organization is here at Ottawa, which may or may not be good business, but nevertheless it is here. The outside service is curtailed wherever possible. For example, all the branches, and there are a great number of them, are run from Ottawa. Of course, as my hon. friend will understand, that necessitates a fairly large head office staff, but every individual of that staff is on this list, and naturally this will be the last list to be cut. Undoubtedly I hope to make reductions, because I frankly admit that I think the work in this department will decrease year by year; therefore there should be a corresponding reduction in the staff. But I do claim that a cut of three-quarters of a

million dollars in the Department of the Interior is a pretty fair showing. With that before the committee I fail to see why I should be criticised so severely because someone on the outside undertakes to write a magazine article without putting himself to the trouble of going through the department. The Audit Board under the powers granted them will attend to reductions, and I trust they will do the work thoroughly. At the moment in this huge staff of eight hundred odd people I do not know that I am over-manned to the extent of even one person. Of course, some members of the staff are asking for superannuation, and their places will not be filled. But although I have not a single man too many to carry on the work, I do think I can reduce the staff.

Mr. HANSON: The minister stated last year that the Surveys branch of his department was years ahead of settlement—I think he actually used those words. When the work is manifestly decreasing, according to the minister's own statement, and when very few new homesteads are being taken up, why should it be necesary to have an Assistant Director General of Surveys in that branch? There is ground there for criticism.

Mr. STEWART (Argenteuil): I meant to answer the hon. member for South Oxford (Mr. Sutherland). Mr. Shanks, whose appointment was discussed before dinner, has been in this service for twenty or twenty-two years and for a long time he has been drawing the same salary that he is getting to-day. Dr. Deville is becoming aged and somewhat infirm and Mr. Shanks has been assisting him. Last year the ex-Minister of Finance (Sir Henry Drayton) discussed the Surveys branch at some length, and as I promised then I have been endeavouring to cut down the survey branches and to amalgamate them so as to bring them under one control. I think that Mr. Shanks or whoever would secure the position was fairly entitled to some recognition. He was given the name of Assistant Director, but no increase in staff is involved.

Mr. SUTHERLAND: What was his position before?

Mr. STEWART (Argenteuil): Assistant Surveyor General. Of course to the uninitiated these things are misleading and the statement my hon. friend holds in his mind is somewhat misleading. He doubtless was under the impression that this was an entirely new appointment, but such is not the case.

[Mr. C. A. Stewart.]

Mr. HANSON: That is a fair explanation. When the work Mr. Shanks had been doing previously fell into decay I suppose it was necessary to provide him with another position.

Mr. STEWART (Argenteuil): Oh, no.

Mr. HANSON: I gather that from what the minister has just said. If the Director General himself is now an old man, why not superannuate him and give Mr. Shanks the position?

Mr STEWART (Argenteuil): That possibly will happen in due course. As the older men are superannuated these reductions will go on. I am grateful to the hon. member for South Oxford for the very kindly way he spoke about the staff. I agree with him thoroughly, but I do not want it to be inferred that I let my sympathies run away with my good judgment. On the other hand, I have some sympathy for the man who spends ten or fifteen years in the service; it is rather a serious thing for him to be pitchforked out into the world, because he is entirely uninitiated in business pursuits. In some cases we have to do that, but in the main we should use some judgment in the matter and try to make a transfer or other change that will obviate the necessity of taking that course.

Mr. HANSON: Will the minister say it is necessary to have a Director General of Surveys and an Assistant Director General of Surveys, having regard to the extent of the work of that department?

Mr. STEWART (Argenteuil): Yes, I would say that in the new organization I would consider it necessary. The assistant can do a great deal of work in addition to rendering assistance to the surveyor general on survey work.

9 p.m.

Mr. LUCAS: Are the duties of the Interior department confined entirely to the three western provinces and the unorganized territories?

Mr. STEWART (Argenteuil): That is the territory over which we have jurisdiction, but we have in addition the scientific institutions.

Mr. LUCAS: Can the minister say how this vote is apportioned among the various provinces?

Mr. STEWART (Argenteuil): I do not think I could. Since 1915 the returns from the various departments have been kept seg-

regated, but the cost of the service in the respective provinces would be difficult to get at, because a man may be working in Saskatchewan one month and in Alberta the next.

Mr. LUCAS: It would be fair to assume that if the natural resources were handed over to the three western provinces this service would be very materially reduced?

Mr. STEWART (Argenteuil): Oh, it would be almost wiped out, yes.

Mr. STEWART (Humboldt): What proportion of the civil list can be allocated to the Dominion Lands branch?

Mr. STEWART (Argenteuil): I could not give that. This staff performs service for all the western provinces, and we can only give you the total with respect to the areas over which we have jurisdiction.

Mr. LEADER: Does the question of the housing of the minister's department come under this item?

Mr. STEWART (Argenteuil): No. We do not pay rent.

Mr. LEADER: You do not pay any rent in your department?

Mr. McQUARRIE: Does the minister question the correctness of Grattan O'Leary's figures which I quoted from MacLean's Magazine of February 1st? If so, in what respect are they incorrect?

Mr. STEWART (Argenteuil): As to numbers and cost?

Mr. McQUARRIE: Yes.

Mr. STEWART (Argenteuil): I presume they are correct.

Mr. McQUARRIE: Will the minister give the details of the saving of $700,000 odd which he says has been effected in his department?

Mr. STEWART (Argenteuil): I gave those details the other day. That is all on Hansard.

Sir HENRY DRAYTON: When the minister says he presumes that the figures given in MacLean's Magazine are correct he is admitting overmanning and is admitting increases.

Mr. STEWART (Argenteuil): Oh, no, my hon. friend should not put words in my mouth. He knows there is the inside service at Ottawa, and the outside service is the civil government list and the list paid from the general vote. One of the difficulties with respect to Mr. O'Leary's statement is that it is based only on the statement of the number of people employed at Ottawa. I have been trying to get the Ottawa figures for my hon. friend, which I assume are the figures given by Mr. Grattan O'Leary. What are the figures for 1922 as given by him?

Sir HENRY DRAYTON: I will give my hon. friend the figures which I think he will be very much interested in. The figures to which he is now taking exception are:

	Employees	Salaries
1921..	1,238	$2,119,818
1922..	1,324	2,402,680
1923 (nine months).. ..	1,329	1,794,488

In the case of the last item, at the rate for the nine months' period, the total for the year would be $2,512,648. Then there is the survey question with which I dealt at a good deal of length both last year and the year before, in the hope of bringing about some economies in connection with that service. I also urged we should try and have our estimates so prepared that the country would have a chance of knowing, and hon. members also, what the cost of running any particular department was. We do not know to-day. My hon. friend, I think, does not know to-day, because we have our employees tucked away in this, that and the other vote. I think my hon. friend will recollect the argument I made in connection with that matter. Now, admittedly there are far more employees in the Department of the Interior than is shown by the civil service list. There is no question about that and I think my hon. friend will agree with me. I had hoped that he might be able to make some headway in preparing the figures for presentation to the House in such a form that we would know where we are, would know what real economies, if any, are being made. But I point out to my hon. friend that these figures, to which he did not take exception but which he admitted to my hon. friend from New Westminster (Mr. McQuarrie) were correct, show when these outside services are considered that there has not been any reduction but rather an increase in cost, and not only an increase in cost but also an increase in numbers. Now, perhaps, my hon. friend would give us the exact figures of all these employees at the present time. I think he will find that his off-hand idea was not correct, and that the figures given are substantially right.

Mr. STEWART (Argenteuil): In reply to my hon. friend I would say that the figures I have here show a total in January, 1922,

of 1,325, and in January, 1924, of 1,300, or a net reduction of 25 in the Ottawa service. But in both the inside and outside services there is a reduction of 92.

Mr. SUTHERLAND: With reference to the explanation given by the minister as to what appears to be a new appointment, that is to say the Assistant Director General of Surveys, he stated that this gentleman had formerly been Assistant Surveyor General. I find that to be the case. In the estimates for 1924, and in those for 1922, I find there was an Assistant Surveyor General at a salary of $3,666 and the amount has been constantly increasing. I notice in the estimates now before the committee there appears an item of $4,140 for the salary of an Assistant Surveyor General, in addition to the salary for a new appointee as Assistant Director General of Surveys of $4,350. Does the minister wish the committee to understand that this appointee is drawing the salary of Assistant Surveyor General and also the salary of the new Assistant Director General of Surveys? The salary for the old position still appears in the estimates, it was there in 1922, and I presume it has been there for many years. I repeat, that in the estimates we are considering there appears the salary of an Assistant Surveyor General $4,140 and in 1922 the amount appeared as $3,666. This gentleman is certainly receiving considerable attention from his friends if he is able to draw two salaries and has been receiving such a substantial increase all the time.

Mr. STEWART (Argenteuil): That is not true; he is not drawing two salaries.

Mr. SUTHERLAND: Then how does it appear that the item still figures in the estimates, and that there is a salary for a new appointment as well?

Mr. STEWART (Argenteuil): My hon. friend will understand we are bringing men in from the outside and cutting down the outside staff. I can assure my hon. friend there is no increase. Mr. Shanks was appointed to assist the Director General of Surveys, more particularly and his classification is under that heading. We brought no new men into the service and do not propose to do so.

Mr. SUTHERLAND: Did Mr. Shanks occupy the position of Assistant Surveyor General?

Mr. STEWART (Argenteuil): Yes.

Mr. SUTHERLAND: That still appears in the estimates. Who occupies that position at present?

[Mr. C. A. Stewart.]

Mr. STEWART (Argenteuil): There is no one in that position.

Mr. SUTHERLAND: Why should it appear in the estimates?

Mr. STEWART (Argenteuil): My hon. friend will have to give me an opportunity to readjust my department, which I am trying to do daily. I am not creating any new positions, and it is not the intention to increase that staff. This gentleman has been given that position, and the hon. member will notice that we are dropping a reclamation engineer further down the list, whose salary was $4,800. So that in dropping our reclamation and survey work we have to make all these changes and arrangements.

Mr. SUTHERLAND: If there is any intention to make a reduction, surely this item should not appear in the estimates this year, the position being abolished. If the reduction the minister refers to has taken place, and the staff is being reduced, as has been stated, the Assistant Surveyor General is surely a new appointment. If a new position is being created and the old one is being maintained, and we are asked to vote the amount that has been in the estimates for years, there is no reduction.

Mr. McQUARRIE: The minister informed the committee this afternoon that he assumed no responsibility for salaries, and that that was a matter for the Civil Service Commission. I want to make it perfectly clear that I do not believe in reducing salaries. I believe that men are entitled to a fair and reasonable wage. I do not think that where the salaries are reasonable at the present time they should be reduced. But there is another phase of the matter which has to do with this item, and that is as to the question of over-staffing and overlapping. I presume the minister will assume responsibility for that, if there is any, and he would not try to put that off on the Civil Service Commission. What is he doing in that regard? What is he doing, along with the other ministers of the Crown, to endeavour to correct any overlapping or over-staffing? It may be that there are men in one department who are doing the same work, and it is not necessary to have more than one at that particular work. If that is so, and if the country is paying men for holding positions where they do not require to do a fair day's work, the minister should investigate and deal with such cases. I notice that some charges have been made by Mr. O'Leary in this connection. I will quote a short extract from MacLean's Magazine of March 1, this year, which reads:

For an uprooting of waste from the Civil Service can never be achieved by the mere indiscriminate dismissal of a few hundred civil servants. What is required is a major operation. What is needed is not so much a combing of branches as a sheer abolition of branches, a ruthless extinction of overlapping and duplication and of wasted, futile effort. Let me give an illustration of what I mean:

Two government departments carry establishments for precise levelling.

Three departments have establishments in connection with topographical maps.

Seven departments have photostat establishments.

Five departments support establishments and equipment for the purpose of blue printing and reproductions.

One department has five distinct engineering branches; and it is said that only one of these operates under the departmental engineer.

Dredging, with its costly overhead engineering establishments, is carried on in three different departments.

Surveying work is carried on in three different branches of one department.

One department has seven distinct branches dealing with lands, each having its own expensive overhead establishment.

Now the need here is not for dismissals; it is for wholesale abolition, or at least intelligent consolidation. Dismissal of a few hundred employees would mean a saving of some thousands of dollars; ordinary, common-sense centralization would mean a saving of millions.

Would the minister agree to the correctness of that statement?

Mr. STEWART (Argenteuil): Yes. I would like to say, however, that the gentleman must have known when he made the statement about the Lands department, or he should have known if he had made inquiry, that those several branches were moved into the Norlite building and amalgamated under one head at the time that article was written. As for the other accusations, I did not follow my hon. friend very carefully, I am speaking for my department. However, before that article was written, these changes were made along the line of reorganization and work which I have been endeavouring to carry on in the department. With a staff of 1,200 or 1,300 people the minister should be given a little time to effect economies and savings. I think I can point with a great deal of pride to having done so. I do not say that I am through. One difficulty is that there are a number of men on my staff who have given splendid service to the people of the country, and spent years of their lives at it. In due course they will have to be retired. I expect a number will be retired this year, and in fairness to them I do not wish to mention their names at the moment. I am endeavouring to effect economies. I cannot reduce the staff from 800 to a very large extent next year but I hope to reduce it in a considerable degree.

As for economies in the outside service, naturally our work is reduced. I think three-quarters of a million, plus four hundred thousand, is a fairly decent showing. If my hon. friend thinks it is not, all I can say is that it is hopeless to attempt to make him realize the fact that one is trying at least to do his very level best to effect economy in a very large department. That is my feeling and I cannot help saying it.

Mr. MALCOLM: I was chairman of the Civil Service committee last year, and I think all the hon. members who took part in the investigation before that committee and in the recommendations to the government with reference to the superannuation scheme will agree with me that the very question which the hon. member for New Westminster (Mr. McQuarrie) is discussing was paramount in the minds of the committee when dealing with this question. We hear criticism of the government when faithful employees are retired, and if any more of our employees were retired without superannuation we would hear still more criticism. The bill for superannuation has been referred to a committee and we hope that it will be passed this session. That bill will cover many cases to which the hon. member for New Westminster refers, it is going to give an opportunity for many faithful servants of the government for the past thirty-five years to retire to private life on a superannuation adequate to the service which they have given to the state, and I think all members on both sides of the House who criticise overmanning would be better to withhold their criticism until such time as the superannuation bill has been put into effect and the economy in connection with old employees has been adjusted according to the retirements under the Superannuation Act. The amalgamation of services will then be possible.

Mr. SUTHERLAND: With regard to withholding our criticism, I should like to ask the minister further in connection with what appears to be a new appointment on page 76 of the Estimates, because the fact that the Assistant Surveyor General is being transferred to another position does not justify having the two items appear in the estimates. There is still the old position of Assistant Surveyor General appearing on this page of the estimates, and there is a new appointment of Assistant Director General of Surveys. Why is it that the two salaries should appear in the estimates for the one official, because we are informed that this is merely a transfer from one position to the other? Surely one of them could be dropped if that is the case.

Mr. STEWART (Argenteuil): I have explained to my hon. friend that we are in the reorganization stage all down the line. I have at the moment transferred under one head seven land branches at the head office. We were enabled to do that when we secured premises into which we could move our people, and make that saving by getting them all into one building. One of the difficulties in this city is that the department is housed in seventeen different buildings.

Mr. SUTHERLAND: I am not surprised at that judging from the leases that have been brought down recently.

Mr. STEWART (Argenteuil): That was a condition of affairs that was in existence when I took office and it is still in existence. We happened to find ourselves in that position. Bringing these branches from buildings which were not contiguous before and placing them all in one building, we are able to put them under one head. That was known when that article was written, and while I have no quarrel with Grattan O'Leary over the articles he writes, my work is to make savings in the department where that is humanly possible. While I expect to make savings by reorganization, still I am not in a position to come into the House and abolish those positions in a moment. There is no one at the moment drawing a salary as Assistant Surveyor General. Mr. Shanks who occupied that position is drawing the salary of the other position.

Mr. SUTHERLAND: Then, why not strike it out of the estimates?

Mr. STEWART (Argenteuil): I would ask my hon. friend to leave it in the estimates. I anticipate that I can make a number of savings on these salaries. Perhaps we shall have to pay them for one, two or three months—I do not know how long—but you must provide for the salaries until the resignations take effect, and I have to ask the committee to vote them. It is asking a minister to do the impossible to clear out these employees on the 31st March and make these savings. Many of these men are waiting, of course, for the passing of the Superannuation Act. My hon. friend may say: You should not allow them to wait; but as I pointed out, these are old and trusted employees who have rendered good service and I think they are entitled to some consideration.

Mr. SUTHERLAND: In connection with the savings to which the minister refers, I have in my hand the estimates for the year ended March 31, 1922, showing that this official who has been transferred to the new position of Assistant Director General of Surveys is receiving an increase in salary of $690. That does not indicate any great inclination on the part of the minister to curtail expenses in any way. At the same time knowing that he has been transferred from one position to another, the minister allows this item to appear in the estimates for the old position of Assistant Surveyor General at a salary of $4,140, and an item for the new position at a salary of $4,350. I do not think it is fair to the committee that we should be asked to ferret out these things. The minister ought to be frank with the committee and intimate what is being done rather than force us to the work of worming these things out of the minister as we have had to do time and again since this session has commenced.

Mr. STEWART (Argenteuil): I have explained to my hon. friend over and over again what has been done in this particular case, but my hon. friend persists in misunderstanding me.

Mr. SUTHERLAND: I do not persist in misunderstanding the minister at all. I beg to differ from the minister in that respect, and if the minister states what is correct, there is no justification for the two items appearing in the estimates and for asking us to pass them in this way. I will venture to state that this is unheard of and has never before occurred.

Mr. STEWART (Argenteuil): It has been done every year, and my hon. friend who has been in this House for some years should know that that sort of thing has been done every year. You cannot on the 31st March abolish a position with an occupant whom you are not sure is going to be superannuated. The committee will have to take the word of the minister, as they always have to do, that this position is not going to be filled beyond a certain time. Mr. Shanks had been promoted to be Assistant Director General of Surveys. The other position is not filled. I am asking the committee to give me an opportunity to reorganize and in some cases to reclassify and cut down this staff. I have pointed out the accomplishment as regards the Lands branch. I want to do the same in this case. My hon. friend will persist in misunderstanding me or in assuming that I am trying to cover up something. I have been absolutely open about every item in connection with these estimates and I have been trying my level best to explain them.

Mr. SUTHERLAND: The minister will recall that before six o'clock I asked whether any new appointments were being made in this branch of the service and I was informed that that was not the case. Apparently this is a new appointment.

Mr. STEWART (Argenteuil): It is a new classification. It does not add to the personnel by a single individual. I trust my hon. friend will take my word for that.

Mr. SUTHERLAND: We are asked to vote an amount to pay the salary of a new official and we are asked also to vote an amount that was in the estimates of last year for the old position. The minister now informs the committee that it is not his intention to fill the old position. Is that correct?

Mr. STEWART (Argenteuil): Yes.

Mr. SUTHERLAND: Then, why not strike this out of the estimates and be done with it, so that we may know what we are doing.

Sir HENRY DRAYTON: The minister, on thinking this over, will see that he is taking somewhat of an impossible position. If this is a matter of reclassification, the old office goes. There is no dispute about that.

Mr. STEWART (Argenteuil): That is quite true, but it may not be done on the particular date at which we vote it.

Sir HENRY DRAYTON: Let us get down to facts. If my hon. friend admits that this is a reclassification, the old office goes. I think my hon. friend on sober thought will agree with me that that is the case. The reason for holding it, therefore, is not a matter of reclassification. If it be not a matter of reclassification, but a matter of creating a new office, the previous position stands and a new office is created. My hon. friend will see that that is just what his vote is doing. It is either one thing or the other. It cannot be both. We have the old office standing, and unless my hon. friend abolishes it he is in the position of having created a new situation at an increased salary while keeping open to be filled one that is already in existence. I want to be absolutely fair to the minister. There is just one consistent course for him to take; he can do one of two things, either to admit frankly that this is a new job which is found to be necessary in the department and which does not prevent him from keeping the old one, or to acknowledge that the matter is one of re-classification, and do away with the old position. It is a question for the minister to settle; but he cannot take both views; it is impossible for him to do so. I want to help the minister, who tells us that he does not want to appoint anyone to the old position. The best way in which we can help the minister to make 100 per cent in the economics in his office this year is to strike out that vote. After all the talk about economy in the Civil Service he should not object to that $4,000 being struck out; here we have a chance of helping the minister in a few minutes to add to the good work of the year by striking out this vote. Does not the minister want to be helped? Why should he not strike out the vote, unless it is that the job is being retained for someone else?

Mr. STEWART (Argenteuil): It is not.

Sir HENRY DRAYTON: Then why not strike out the vote?

Mr. STEWART (Argenteuil): As I have stated half a dozen times, I expect to be able to cut down the service—at least I am so informed by some 12 or 15 persons.

Sir HENRY DRAYTON: Is that all?

Mr. STEWART (Argenteuil): By retirements at least; I do not say that is all. My hon. friend might as well say, why not wipe out all the salaries in connection with these positions? But we cannot do that.

Sir HENRY DRAYTON: I would not say that for one moment.

Mr. STEWART (Argenteuil): Let me say that there is no desire to fill the position of Mr. Shanks; we do not need anyone to take it. And if it would obviate discussion at greater length I am prepared to cut it out. My hope however is that these 15 or 20 men will not draw salary beyond two or three months; that is my expectation. But I am bound to ask for a vote to cover their salaries for the whole year. If it will facilitate matters I am ready to strike out the amount because Mr. Shanks has been established in his position. He was not so established when we prepared these estimates; he was in the same category as the others.

Sir HENRY DRAYTON: That is quite right, but such is no longer the case.

Mr. STEWART (Argenteuil): No, for the reason I have stated; he has been established; but had it not been so we should have had to maintain the position.

Mr. SUTHERLAND: The position the minister takes is reasonable if he will adhere to it. This official seems to have been moved

up rapidly, and I might ask the minister at what age superannuation is obligatory. For some time past there has been a tendency to take back into the service people who have been superannuated and to pay them higher salaries than they previously received, the result being that on their final superannuation they have drawn a greater allowance, through their increased salary, than they would have been entitled to before. This official received an increase of $680 in the estimates of 1922. Is it possible that he is approaching the age of superannuation?

Mr. STEWART (Argenteuil): He has seen 22 years of service. I do not know the man; I would not know him if I met him. The recommendations in regard to his service and his ability are splendid and I assume that they are correct; but I do not know, nor have I any personal interest in, Mr. Shanks.

Mr. SUTHERLAND: How long will it be before he is superannuated?

Mr. STEWART (Argenteuil): I do not know.

Mr. SUTHERLAND: Will he not be superannuated at a certain age?

Mr. STEWART (Argenteuil): He might be superannuated at any time owing to illness or from any other cause that might arise.

Mr. SUTHERLAND: I understood there was a stated age.

Sir HENRY DRAYTON: The Calder Act fixes the age of compulsory superannuation at 70.

Mr. BELAND: I move, Mr. Chairman, that the item be reduced by $4,140.

Sir HENRY DRAYTON: Could we not help the minister further? We have added to his batting average about 100 per cent. The minister has referred to various maps and all that sort of thing and he has been looking into the matter generally. But what is a cartographer?

Mr. STEWART (Argenteuil): I am not prepared to define these classifications.

Sir HENRY DRAYTON: Is not a cartographer a man who works on maps?

Mr. STEWART (Argenteuil): Yes.

Sir HENRY DRAYTON: Let me mention some of the details in connection with the great struggle which my hon. friend has been making against this avalanche of maps. Last year when we were discussing this subject we were told that there was a number of people who were making maps. We had in this department 4 chief map draftsmen. Then we had 11 principal map draftsmen; 26 senior map draftsmen; 1 senior relief map maker; 1 relief map maker; 12 map draftsmen; 1 junior map draftsman; 2 chief draftsmen; 4 senior draftsmen, 1 draftsman; 1 junior draftsman, and 4 cartographers. My hon. friend has been struggling with this problem and I want to compliment him on one thing: he has taken care to see that there are no more than 6 cartographers this year. The result of the minister's efforts has simply been this, that "what we have we hold." There is not one single reduction made in this connection, although I thought that the discussion last year had at least shown that economies could be effected in regard to the number of persons we have engaged on maps. We have maps for everything; maps in this department and maps in that department; and we have surveys in this field and surveys in that field, an overlapping service here and the same there. We had this matter all discussed last year but my hon. friend has been unable to do anything. Now, can we help him to some extent? I say, there is not one single reduction effected; no attempt made to give effect to the protests of this overlapping and the like.

Mr. STEWART (Argenteuil): There is no overlapping. I am sure my hon. friend must admit that there is none.

Sir HENRY DRAYTON: I do not know. These maps—I should think a good many of them by this time must be drawn one on top of the other. Does my hon. friend say he cannot effect any economies there?

Mr. STEWART (Argenteuil): No, not a thing.

Sir HENRY DRAYTON: Mr. Chairman, it is just as well that we should grasp where this is leading to. There is a little economy made here of $4,000 in connection with the total of this vote as the result of all the work my hon. friend is—

Mr. STEWART (Argenteuil): Of course, there is no credit for the three-quarters of a million dollars saved.

Sir HENRY DRAYTON: Three-quarters of a million dollars saved! As my hon. friend knows full well, that saving is due to the curtailment of service to the public. I am not talking about the withdrawal of public conveniences, I am talking about the cost of service to the public, notwithstanding the withdrawal of the conveniences.

Mr. STEWART (Argenteuil): Will my hon. friend name one convenience which has been withdrawn from the public?

Sir HENRY DRAYTON: My hon. friend knows—and I am not blaming him for doing it; it is the right thing to do—that he has closed offices which were open for the purpose of convenience to the public in certain localities. As I say, I am not blaming him for closing those offices—

An hon. MEMBER: Oh, oh.

Sir HENRY DRAYTON: I am not blaming him for closing them, but the economy which is effected, as my hon. friend knows who laughs, is by reason of the curtailment of this service. I am talking about the cost of the reduced service to the public, and as admitted by the minister—I do not know that the hon. gentleman who laughs was in the House at the time—the net reduction in connection with this particular vote comes down to some four thousand odd dollars. It is true we have added 100 per cent to it by striking out an amount of $4,100. But that is the net result of all this work. Now we have services here and services there, employees inside and employees outside, employees that are shown on this list and hundreds of employees that are not shown, and we have an approximate cost in 1921 of $2,119,000 odd, in 1922 of $2,400,000 odd and in 1923 of $2,500,000 odd.

Mr. MALCOLM: Will the hon. gentleman read the figures between 1911 and 1921? He will find a real increase there.

Sir HENRY DRAYTON: I am just dealing with the figures I have before me.

Mr. MALCOLM: You have those figures before you there also.

Sir HENRY DRAYTON: I have not. But does the hon. member think that what was done some other year has anything to do with the necessity for economy in this particular year? Is that his idea of the duty of a public servant?

Mr. MALCOLM: But you had control in those years.

Sir HENRY DRAYTON: What difference does that make? Supposing that what was done was wrong—and I am going to tell my hon. friend, as the fact is, that the votes for those years were considerably less than in 1922—

Mr. MALCOLM: And the rate of pay much higher to-day.

Sir HENRY DRAYTON: The votes are a great deal less, and the numbers are less. If my hon. friend wants to debate it we will debate it. I take the year 1921 with a vote of $2,100,000, the year 1922, for which my hon. friend's government is responsible—

Mr. MALCOLM: No, no.

Sir HENRY DRAYTON: All right, I will take some other year that you are interested in. I will take the vote of 1923 amounting to $2,500,000.

Mr. MALCOLM: Covered by statutory increases.

Sir HENRY DRAYTON: This is a wonderful economy! It is an economy which is costing more and more and more in service all the time.

An hon. MEMBER: No.

Sir HENRY DRAYTON: Yes; with less facilities to the public. But if the hon. minister says he cannot do anything better I am not going to delay the vote. It is perfectly ridiculous to talk of economy in the face of those figures, as every hon. gentleman knows.

Mr. McQUARRIE: Did I understand the minister to say that he did not know anything about the leases of the premises occupied by his department?

Mr. STEWART (Argenteuil): No, the leasing is in charge of the Public Works department.

Mr. McQUARRIE: It seems to me that we are finding out a great many things in the department which the minister does not know anything about. We have found out now that he does not know anything about the leases of the premises occupied by his department. He told us some time ago that he did not know anything about the salaries in his department; he did not know anything about the salary revision in his department; he did not know that the Amalgamated Civil Servants of Canada, which includes employees in his department, were asking for salary revision; he did not know the number of employees in his department; he did not know the amount that his department is costing for salaries. Now, it seems to me this is a business proposition and that he as the head of this department ought to obtain this information.

Mr. STEWART (Argenteuil): Let me say to my hon. friend that if he is asking for real information he will get it; if he is not, I want seriously to protest against his endeavour to create the impression that the minister does not know anything about his department.

Mr. McQUARRIE: I did not say that.

Mr. STEWART (Argenteuil): You did say so.

Mr. McQUARRIE: No.

Mr. STEWART (Argenteuil): It meant practically the same thing. That is the impression which my hon. friend wants to create, and I think we have come to the point where patience ceases to be a virtue. I have endeavoured to be fair and to give all the information I possibly could. Then to be told that the minister does not know anything about his department convinces me that there are some courtesies at least due to a poor minister who happens to be so unfortunate as to have to answer a thousand and one questions that have no relevance to the estimates whatever. I am quite prepared to answer any legitimate questions.

Mr. McQUARRIE: Mr. Chairman, I did not say or suggest that the minister did not know anything about his department at all. Perhaps there are some things he knows about.

Mr. LOVETT: Read Hansard to-morrow, and you will find you did say so.

Mr. McQUARRIE: I did not say anything of the kind, but I did mention certain things that admittedly the minister does not know anything about,—things which, I think he should know something about. To get down to business, take the matter of leases. I do not see any occasion for the minister to get excited about this.

Mr. KING (Kootenay): Mr. Chairman, may I interrupt? Surely the hon. member is out of order. We are discussing civil government. The matter of leases comes under my department.

The CHAIRMAN (Mr. Marcil, Bonaventure): Yes, the hon. member is out of order, this resolution being for salaries and contingencies of the Department of the Interior.

Mr. McQUARRIE: All right, I have to accept your ruling, Mr. Chairman, if you do not want to hear anything about leases. It seems to me that certainly the minister should know something about the leases of the premises which his department occupies here in Ottawa.

Mr. STEWART (Argenteuil): All the premises of my department which are leased are under the control of the Minister of Public Works.

Mr. McQUARRIE: Certainly.

[Mr. McQuarrie.]

Mr. STEWART (Argenteuil): He is responsible for the leasing of the premises and the payment of the rent. We occupy the premises. I have no records of the leases whatever.

Mr. McQUARRIE: I am quite aware of that, and that is what I am complaining about—that there is no co-operation among the members of the cabinet in important matters like this. However, I bow to your ruling, Mr. Chairman; we have nothing to do with leases now, and if the minister does not know anything about them I cannot say any more. But there are other things. I stated that the minister did not know the number of employees in his department and that he did not know how much his department was costing in overhead—salaries. I do not think that is an unfair statement. The first duty of the minister on taking office—and he has been in office some years now—should have been to find out how many employees he had and how much was being paid for salaries. That is the first thing the business manager of any private concern would do. I do not think the minister should take exception to the mention of these things. He should not get excited because I make a statement of that kind and say I stated that he did not know anything about his department. I did not say such a thing. Now, he says he does not know anything about salaries.

Mr. STEWART (Argenteuil): I did not say anything of the kind.

Mr. McQUARRIE: That is what I understood the minister to say.

Mr. STEWART (Argenteuil): Well, I am not responsible for what the hon. gentleman understands.

Mr. McQUARRIE: Then we will get right down to business on that and find out what the minister does know about salaries. He certainly does not know the amount that his department is costing in salaries. I understood him to say this afternoon that he did not have anything to do with salaries at all, that was a matter for the Civil Service Commission.

Mr. STEWART (Argenteuil): Yes, that is correct.

Mr. McQUARRIE: That is right—that he could not do anything about having salaries reduced if they were too high; that that was a matter for the Civil Service Commission, and that he was not concerned with whether the salaries were too high or too low.

Mr. STEWART (Argenteuil): I did not make any such statement.

Mr. McQUARRIE: What other conclusion can any reasonable person come to?

Mr. STEWART (Argenteuil): My hon. friend is drawing inferences again.

Mr. McQUARRIE: He does not know anything about it, has nothing to do with it.

Mr. STEWART (Argenteuil): I did not say so.

Mr. McQUARRIE: And he does not propose to find out anything about it.

Mr. STEWART (Argenteuil): I do not propose to allow my hon. friend to say so, either. If the hon. gentleman would make his remarks coherent so that one could understand his questions, one might answer them. He says the minister has no control of salaries and that the minister admitted that. We discussed that this afternoon and I made the explanation then; my hon. friend was in the chamber. I said that the proposal with respect to salary is made by the deputy minister of the department. That proposal may be accepted or rejected by the Civil Service Commission; that is their business. To that extent the minister has no control, but he has an opportunity of suggesting what the salaries shall be. The Civil Ser-
10 p.m. vice Commission adjudicate upon that, pass it on to the Governor in Council, and approval has to be given by the Governor in Council. The minister has that much control. The right hon. leader of the opposition raised the question whether the government could not suggest to the Civil Service Commission a reduction in salary. I assume that that is quite possible from the point of view of the salaries throughout a whole department, but what we both agreed upon this afternoon, I think, if I have any recollection of the discussion, was that that was the process, and to that extent the minister is not responsible for the salaries.

Mr. McQUARRIE: I must say that the minister has taken a very tame way of replying to the question I asked. He says my questions are not coherent and that he cannot answer them. Now, my questions will be in Hansard, and if the minister cannot understand them, I venture to say that the public will understand them all right. I think they were perfectly clear.

Mr. STEWART (Argenteuil): Will my hon. friend agree that when the time comes we let the public decide?

Mr. McQUARRIE: Certainly. That is why we are talking here to-night.

Mr. STEWART (Argenteuil): I am prepared to do so. I am prepared at any time to stand upon my record.

Mr. McQUARRIE: I suggest that the minister find out something more about his own department. Now, there is the matter of salary revision. The minister said he did not know anything about that. He did not even know that the Amalgamated Civil Servants of Canada had had their representatives here in Ottawa demanding salary revision.

Mr. STEWART (Argenteuil): Yes, I said I had no knowledge of that.

Mr. McQUARRIE: I think he ought to find out something about it. Either their demands are justifiable or they are not. I do not think I have to withdraw the statement I made in the first place; I do not think it was unfair in any particular. The minister should find out something about his own department.

Mr. SUTHERLAND: The hon. member for North Bruce (Mr. Malcolm) a few minutes ago, in putting a question regarding salaries, went back as far as 1911. I have not the estimates for all those years but I have them for the year 1920-21, the year prior to the advent of the present government, and I find there was an item in those estimates of $3,480 for the Assistant Surveyor General. To-night we are being asked to vote $8,490 for the dual position which this official occupies. I do not want to be unfair; the minister has intimated that he has no intention of allowing these two positions to function. But I think the motion before the committee is a very appropriate one and that we should remove either one position or the other, and let this official occupy whichever position he sees fit. In any event the salary to be paid under this grant is $4,350 whereas in 1920-21 it was $3,480. If the hon. member for North Bruce wishes to make any comparison between the conditions a few years ago and those to-day he has a fair illustration in the salary that was being paid this official at that time and the salary to be paid under the present estimate.

Mr. STEWART (Argenteuil): Up to last year we were voting large sums of money annually to pay the salaries of reclassified civil servants, and Mr. Shanks, if I remember cor-

rectly, was among a large number of civil servants who were reclassified after this government came into office, the reclassification dating back to April, 1919. I do not think there is any vote in the estimates this year for that purpose, but I would not like to speak with authority as to that. Last year there was such an item. When these recommendations come to the Governor in Council they may of course, be approved or disapproved. In any case ,Mr. Shanks in his reclassification undoubtedly received a fairly large increase. That was done by the Civil Service Commission after the fullest investigation. I am not quarrelling with that; I simply want to make it clear to my hon. friend how these things come about. Notwithstanding the fact that this year there has been no increase but rather a reduction in the number of employees it requires nearly the same amount to pay the services. The time may come when we will reach a dead level in connection with these statutory increases. Every year it has been my experience to find a very considerable number of them and it requires more money to pay the salaries although we have not increased the number of men.

Mr. SUTHERLAND: I think the minister will admit that in this case it is not a reclassification but a transfer by the minister of an official from one position to another.

Mr. STEWART (Argenteuil): I was speaking of the salary Mr. Shanks was receiving.

Mr. SUTHERLAND: I was speaking of the position which Mr. Shanks is holding. I believe he is the official referred to in the item which appears here of $4,140.

Mr. STEWART (Argenteuil): Yes, that is quite correct. That was his salary.

Mr. SUTHERLAND: And a new position has been created to which a salary of $4,350 is attached, or an increase of $210. This does not indicate that the minister is very anxious to curtail expenses in any way. It is a case of transferring an official from one position to another because the minister considers it necessary, and I assume that he knows what is required in his department. But I cannot imagine that this official is going to do more work than he did before, and therefore I cannot see why the salary should be increased by $210. That is a thing I cannot understand. We find so many people anxious to get in the Civil Service, straining every nerve to enter the government service at almost any salary they can get, and after they are appointed they are dissatisfied and are continually agitating and bringing pressure to bear to obtain promotion and higher salaries and lesser hours of labour. The two seem to run concurrently. I think the minister will admit that even if the transfer is necessary he is not compelled to grant an increase of salary. This official has been in the service for so many years that he is now approaching the superannuation period and, it is very important to him that he should receive a high salary so that when superannuation becomes effective he will get about seven-tenths of that salary. We have recently seen men who had been superannuated brought back into the service at much higher salaries than they enjoyed when superannuation took effect.

Mr. STEWART (Argenteuil): I have no knowledge of that. Will my hon. friend state a case?

Mr. SUTHERLAND: I can give my hon. friend the information privately, or publicly if he wishes it. I do not think it is very desirable that the names of those in the service should be mentioned, but I can assure my hon. friend that such is the case. However, I do not like to mention the names of those who are in the service and are rendering valuable service. I simply refer to the matter for the reason that when these officials are approaching the age which requires them to be superannuated it is important that they should be in receipt of a high salary so that they may get seven-tenths of that amount when they are superannuated.

Mr. MALCOLM: My hon. friend is wrong. Superannuation is based on the average of the last ten years of service.

Mr. SUTHERLAND: If that is the case it is very important that during that period the salary should be high in order that the income under superannuation should be substantial. That is what I object to. When the minister claims that he is making every effort to reduce the overhead expenses in connection with the administration of the department we find an official being transferred from one branch to another and at the same time receiving an increase in salary of $210.

Mr. McQUARRIE: I should like to ask the minister if the new Auditor General is taking any part in the re-organization of the department?

Mr. STEWART (Argenteuil): He will, yes.

Mr. MACKENZIE KING: He is.

Mr. McQUARRIE: The Prime Minister says he is. The Minister of the Interior does not know apparently.

Mr. STEWART (Argenteuil): Does my hon. friend wish to be insulting?

Mr. McQUARRIE: Not at all. I asked the minister a question and I drew that inference from his reply.

Mr. STEWART (Argenteuil): Why does my hon. friend insist that the minister does not know when the act provides that the Auditor General shall do this work. He is doing this work and will continue to do it. Is there anything wrong about that? I am getting somewhat tired—

Mr. McQUARRIE: Well, you can get tired.

Mr. STEWART (Argenteuil):—of the insinuations of my hon. friend.

Mr. McQUARRIE: The minister can get just as tired as he likes.

Mr. STEWART (Argenteuil): Well, we will see.

Mr. McQUARRIE: I have got certain rights here.

Mr. STEWART (Argenteuil): I hope the minister has some.

Mr. McQUARRIE: Certainly. Now, I asked the question whether the Auditor General would take part in the re-organization of the department. The minister said he would, and the Prime Minister said he already was doing so. There is quite a difference there and I came to the conclusion that the minister did not know that the Auditor General had already taken part in the re-organization of his department.

Mr. STEWART (Argenteuil): I know perfectly well. He is doing so in all the departments.

Mr. McQUARRIE: If the minister had said so in the first place there would have been no misunderstanding. I also understand that the Auditor General is looking after the salary revision. Is that right?

Mr. STEWART (Argenteuil): Salary revision?

Mr. McQUARRIE: Yes.

Mr. STEWART (Argenteuil): That is the duty of the Civil Service Commission.

Mr. McQUARRIE: I understood the other day from the Prime Minister—

Mr. STEWART (Argenteuil): Oh, I see.

Mr. McQUARRIE:—that the Audit Board had something to do with the matter. I understood that the Civil Service Commission had reported to the government, that the government had returned the report of the commission, and that the Audit Board had been called in to assist the Civil Service Commission; that is in regard to the revision of the postal employees salaries.

Mr. MACKENZIE KING: The act provides for what is to be done.

Mr. McQUARRIE: Then the Auditor General has something to do with the matter and the minister might have answered in the affirmative in that case also.

Mr. STEWART (Argenteuil): The minister will do his own answering, do not worry about that.

Mr. McQUARRIE: For some reason or other the minister does not want to say. I do not know why. It would appear that the Auditor General is going to be a pretty busy man. He has not been able to get to the salary revision of any but the postal employees up-to-date. He has got an immense task and apparently its magnitude is the only reason why the salaries of the employees of the other departments are not being considered at the present time. The Auditor General has got the re-organization of the departments to attend to in addition to his regular duties. It appears to me he is going to be a pretty busy man.

Mr. MACKENZIE KING: Is my hon. friend the acting leader of the opposition?

Mr. McQUARRIE: At the present time I am asking a few questions which I presume I have a right to do. I do not suppose the Prime Minister will object to that.

Mr. McBRIDE: I should like to ask the hon. member a question. Has he been delegated by the opposition to hold these estimates up? If not why did he come back and ask some other hon. members to get questions ready to fire at the minister?

Mr. McQUARRIE: I do not mind telling the committee why I am taking an active interest in these particular estimates. As a matter of fact I happen to be chairman of the committee of our party on Interior estimates.

Mr. CANNON: We did not know that.

Mr. McQUARRIE: Can the minister tell me—if not probably the Prime Minister can assist him—what experience this new Auditor General has had which will enable him to undertake all these multitudinous duties?

Mr. ANDERSON: Am I correct in assuming that there are 65 different draughtsmen in the minister's department engaged in preparing maps for the government?

Mr. STEWART (Argenteuil): They were engaged in that department, yes.

Mr. ANDERSON: And that large number of draughtsmen cost the country something like $135,000 a year?

Mr. STEWART (Argenteuil): Yes, it would be in the neighbourhood of that amount. We covered the map vote the other night, and I pointed out the great advantage there was in having those maps for distribution, and the immense service that was being rendered to the other departments and the country generally by the distribution of the maps. I said on that occasion that I thought this money was well spent in advertising Canada by way of maps. I know of no better way of advertising and directing attention to Canada for investment purposes of all sorts. That is just a little outside of the purview of the duties of the Department of the Interior, but we were enabled to keep up with the requisition for maps of this character, to be used legitimately in the interests of the people of Canada.

Mr. ANDERSON: I have not, so far as I am aware, seen any of these maps, and I should like to know the particular character of them. What are they?

Mr. STEWART (Argenteuil): They are innumerable. They have serial maps, land maps, maps designating timber areas, and maps of every description. They are innumerable in number. They are not altogether for the purpose of advertising Canada, but very largely for that purpose, under the Natural Resources and Intelligence branch, through which we are trying to advertise the resources of Canada from one end of the Dominion to the other. We are utilizing the maps and doing work of this character to the degree for which we are asking this vote. I think if my hon. friend will take the time to examine the work we are doing he will agree that it is of immense value to the public generally.

Mr. LADNER: I observe two or three items dealing with statistical clerks. Is there a separate statistical branch under the Department of the Interior dealing with these matters, or is some of the work handled by the Dominion Bureau of Statistics?

Mr. STEWART (Argenteuil): No, these statistical clerks are for the purpose of supplying the statistical bureau with the information it must have . They are under that designation in our vote, and that is the work they are doing. They pass the work on for compilation to the statistical bureau. We have a very large department, covering a multitude of different kinds of work, and these statistics are made available for the statistical bureau.

Mr. ANDERSON: Will the minister tell us how many appointments made by the Civil Service Commission have been rejected by his department since he came into office?

Mr. STEWART (Argenteuil): I cannot recollect a single rejection, after the Civil Service Commission had passed upon the application. There may have been a case, but I certainly do not know of it.

Mr. McQUARRIE: Under this item 7, are we dealing with both salaries and contingencies, or only with salaries?

The CHAIRMAN: (Mr. Marcil, Bonaventure): I understand we are dealing with the one item.

Mr. McQUARRIE: I would like to get the details in connection with this item. What is clerical assistance, for instance?

Mr. STEWART (Argenteuil): There is a reduction in the clerical assistance of $10,000. My memorandum on this item reads:

> The above sum of $15,000 is required to pay for the services of a number of temporary employees during the fiscal year 1924-1925. These employees are appointed by the Civil Service Commission to the various branches at Ottawa as necessity presents itself, and the period of employment varies from three to six months and for a longer period when required.

Mr. McQUARRIE: What are they required for?

Mr. STEWART (Argenteuil): For the overplus work at times.

Mr. McQUARRIE: For what particular division?

Mr. STEWART (Argenteuil): We have them at the moment preparing returns for members. When we have not sufficient permanent clerks we put temporary clerks on the work. This occurs largely during the session.

Mr. McQUARRIE: Then there is an item of printing and stationery, $58,000. That is the same as last year. What is that for?

Mr. STEWART (Argenteuil): My memorandum in regard to that item reads:

> The money is needed to pay for books of various descriptions such as index books for the Registration branch, land patent record books, etc., for file backs, special paper for patents, printed forms, the purchase of typewriters and stationery required for the general use of the inside service at Ottawa.

Sir HENRY DRAYTON: What amount was spent last year?

Mr. STEWART (Argenteuil): We spent $60,000 last year, and I was inquiring how it happened that we could spend more than we had voted, and I was informed these three items were in one vote, and we spent more on the other item and less on travelling.

Sir HENRY DRAYTON: That did not worry the minister.

Mr. STEWART (Argenteuil): It worries me in this way. You cannot, as a matter of fact, spend more money than you vote, but it happens that less is spent on travelling.

Sir HENRY DRAYTON: What was spent last year?

Mr. STEWART (Argenteuil): $12,532.58.

Sir HENRY DRAYTON: That is less than half of what you ask for this year.

Mr. STEWART (Argenteuil): As we overspent in printing, I asked for the same amount as last year. It is rather difficult to estimate the amount required, and we must have some leeway in connection with this. The sundry account is $9,792.75.

Sir HENRY DRAYTON: So that really under that we have a total of about $22,500.

Mr. STEWART (Argenteuil): Actually spent, plus the $2,000, of course.

Sir HENRY DRAYTON: $24,500.

Mr. McQUARRIE: For whom are these travelling expenses?

Mr. STEWART (Argenteuil): For the minister, the deputy minister, and the heads of departments, Natural Resources and Intelligence, Dominion Lands branch, North West Territories branch, Dominion Parks, Dominion Observatory, Geodetic Survey, Ordnance Lands branch, all draw from this for travelling expenses. It is very difficult to estimate how much one is going to spend under this head.

Mr. McQUARRIE: Does this item cover all travelling expenses for the department?

Mr. STEWART (Argenteuil): For this particular service.

Mr. McQUARRIE: Outside of the minister and the deputy minister, what system is adopted by the department as regards travelling expenses?

Mr. STEWART (Argenteuil): Vouchers have to be furnished for the expenditure.

Mr. McQUARRIE: That is the person who does the travelling puts in vouchers and they are paid.

Mr. STEWART (Argenteuil): Yes.

Mr. McQUARRIE: Is there any limit to it at all?

Mr. STEWART (Argenteuil): It must be within reason, yes. They are checked if they do not appear to be within reason; but where vouchers are presented, we know exactly the purpose for which the money was expended.

Mr. McQUARRIE: Has the minister ever considered the advisability of adopting a different system whereby a certain daily allowance would be made?

Mr. STEWART (Argenteuil): We do if they are travelling outside of Canada.

Mr. McQUARRIE: But in Canada? I understand that in certain of the provinces that change has lately been made and they find that a great saving has been effected.

Mr. STEWART (Argenteuil): We do adopt that principle in connection with the surveyors, but of course they are in a different category. They are out for the whole season and they have a daily allowance. As regards men who travel from time to time, the system has been followed of their being asked to provide vouchers for actual expenditure while on their trip, because the amount may vary a great deal. One trip may cost a man a great deal more than another.

Mr. McQUARRIE: I understand in Alberta a change has been made and a system of daily allowance has been adopted by which a considerable saving has been effected. I also understand that the employees who do the travelling are better satisfied with that system. If they economize, they can keep under the amount allowed and that is a saving to them. I do not know whether this system would work out the same in the Dominion or not. I am suggesting that the minister might consider it.

Mr. STEWART (Argenteuil): Of course, there is an objection to having to get vouchers for every item of expenditure, but the voucher is a clear record of the actual expenditure of the individual while on his trip. The daily allowance is a very much simpler matter because no voucher is required. They simply give a return for the days they are absent.

Mr. GARDINER: This department receives a great deal of revenue and that revenue comes mostly from the three prairie provinces. In the statement that the minister made to-day in connection with reductions, he stated that reductions in the outside service had amounted to over $700,000. I do not know whether the minister realizes, by cutting down the outside service to the ex-

tent to which it has been cut down recently, the inconvenience to which the people of the West are put in order to transact business with the department. I trust when he comes to make reductions next year, he will keep that particular point in view, and if any reductions are to be made he will let the reductions be made in the inside service and see to it that the people who are providing the revenue will, in the outside service, receive some service for the money they are paying.

Mr. LADNER: I am interested in three photographers mentioned in the list for the Interior department. What is their duty?

Mr. STEWART (Argenteuil): They are in the Natural Resources and Intelligence branch. We use them for taking photographs for the purpose of advertising. In the Surveys branch we are taking aerial surveys now. This saves a great deal of time and effort. That is where these men do their work. One of them is an expert on aeroplane work.

Mr. LADNER: Is that information contained in the publication called Natural Resources and Intelligence?

Mr. STEWART (Argenteuil): Yes.

Mr. LADNER: Is the item for that under this heading or is it a special appropriation?

Mr. STEWART (Argenteuil): It does not come under this heading. The salaries are paid from this item.

Item agreed to.

PUBLIC WORKS

Public works chargeable to income—harbours and rivers—Ontario—Belle river harbour improvements, $30,000.

Hon. J. H. KING (Kootenay) (Minister of Public Works): When we were last in committee, we were asked to procure certain information regarding previous expenditure at Belle River. I find the first expenditure between 1884 and 1900 was $4,826.24 spent for protection work and dredging. Since 1905 there have been many expenditures down to 1921 varying in amounts from $400 up to $5,318 making a total expenditure in 1923 of $28,211.62. The amount being asked for is a re-vote, parliament having voted $30,000 last year. The contract was let for this work, which has been completed, and the amount asked for is for payment of the construction that has been done during the last fiscal year.

Sir HENRY DRAYTON: Have we been given all the papers in regard to the Belle River matter?

Mr. KING (Kootenay): Yes.

[Mr. Gardiner.]

Sir HENRY DRAYTON: The file stops apparently in 1922. The top letter is dated December 30, 1922. Is that the last of the list, or are the letters not in order?

Mr. KING (Kootenay): I think that is the beginning of the file.

Sir HENRY DRAYTON: Taking the year 1922, can the minister tell me what work had been undertaken by the government as at January 1922 at Belle River?

Mr. KING (Kootenay): There was no work in 1922. My record shows the last expenditure to have been made in 1921, until last year.

Sir HENRY DRAYTON: What was done in 1921?

Mr. KING (Kootenay): There was $400 for dredging.

Sir HENRY DRAYTON: To what depth was that dredging done in 1921 and for what purpose?

Mr. KING (Kootenay): It was done to relieve shoaling in the channel; it was to clear the channel.

Sir HENRY DRAYTON: Dredging of course is always done to clear something; at least it is supposed to, although it does not do so always. Will the minister give us some more definite information? What depth was dredged or supposed to be dredged in 1921?

Mr. KING (Kootenay): I have not that information in my notes, and it is not usual to expect a question of that kind. I was asked when last we were in committee to ascertain the amount of the expenditure year by year. There was $400 for dredging in 1921 and presumably it was spent to relieve shoaling in the channel. I informed the House when in committee before that the present object of the department is to secure a depth of about 10 feet, but as to the depth secured in 1921 I have no information.

Mr. SUTHERLAND: What work is contemplated at this point? This is merely the commencement of the operations which the department evidently has in view. The return brought down clearly indicates that the building of a pier on one side of the river will have to be duplicated by a pier on the other side; and at present there is apparently no necessity for this work so far as can be seen by those who are familiar with the location. Evidently there is a company which is anxious that something should be done in the way of establishing a port at this point. I think the correspondence which has been

brought down, although I have not had an opportunity recently of looking into it in detail, shows that an expenditure of hundreds of thousands of dollars is contemplated in this connection. There certainly is no pressing need for any such expenditure at this point just now, as those who are familiar with the situation at Belle River realize. This is a case of political expediency rather than of real necessity on the part of the department and it is quite apparent from the return which has been brought down at this session that it is not contemplated to let the matter end here; it is anticipated that nearly $200,000, according to the statement of an official of the department. will be necessary to make this port of any use. And even at that it is to be a pleasure resort for the recreation at Belle river of people coming across from Detroit. There is absolutely no need of an expenditure of this kind at the present time, and the necessity for curtailing expenses in every direction in this country is so imperious to-day that the minister would be well advised to eliminate this item from the estimates.

Mr. KING (Kootenay): Would you not pay the contractor who has completed the work under the vote of last year?

Mr. SUTHERLAND: The minister understands that the vote was put through last year under rather peculiar circumstances such as would hardly justify it. I am not aware of the nature of the contract which has been let, and I am merely pointing out that there is absolutely no necessity for an expenditure of this kind at this particular point under present conditions. This is an expenditure that might well be deferred for years to come; it will be a long time before anything of this character can be contemplated with justification. When the matter was first approached by the then Minister of Railways who represented the constituency it was clearly shown by the officials of the department that something in the neighbourhood of $200,000 would be necessary before any useful purpose could be served. The Northern Navigation Company are really the ones who are anxious to have this made a port of landing for their boats to look after the tourist traffic between Detroit and this point. In view of that I should like to know what contract has been let and what is due to the contractor at the present time.

Mr. KING (Kootenay): I think my hon. friend was not in the House on the last occasion when we discussed this matter—

Mr. SUTHERLAND: I was.

Mr. KING (Kootenay): —because the whole history of the contract and the necessity for the work was gone into very thoroughly and my hon. friends were informed that we were asking a revote to pay for construction that was done on a vote passed by this House last year. The amount of the contract is $27,663.26. This money has been earned by the contractor. As to the necessity for the work, I think very good evidence has been furnished to the committee. During the war years the department continued to spend money at this point, and surely they were not spending it unnecessarily at that time. The harbour at Belle River is an old settled community, I am informed, and probably it has been unfairly treated in this House. My hon. friend speaks of this being a political vote, but I do not look upon it as such at all. A large amount of lumber and beet shipments, amounting to 1,350 tons, were handled there last year. I believe this waterway is necessary in order that the people may carry on. We hear a great deal about Canadians being attracted to the other side of the line. I am told that just opposite Belle River on the American side there are proper harbour facilities, and the officials of my department inform me that this work is necessary for the people at Belle River. It is true that we have gone further than has been the policy of the department in the past. It is hoped that by building this retaining wall we will prevent the silting up of the channel and so avoid the dredging which has been necessary year after year. The larger scheme my hon. friend refers to has been reported upon by the engineer, but not accepted by the department. It would give greater security and improve the harbour facilities, but is beyond what we think is necessary at the present time. We are simply asking for a revote to pay for the work authorized by this parliament last year.

Mr. SUTHERLAND: Does the work contemplate the building of a pier on each side of the river?

Mr. KING (Kootenay): No, just on one side.

Mr. SUTHERLAND: It has been already pointed out by the engineering officials of the department that it would be absolutely useless to build a pier on one side of the river without also building a parallel pier on the other side to prevent the filling up of the channel.

Mr. KING (Kootenay): The engineering officials have not made any such statement.

They have suggested that the building of a retaining wall on the other side would help very materially to relieve what we are trying to overcome, but at the present time this is all the work we expect to do, and we believe it will be a benefit to the community.

Mr. ANDERSON: What river is this harbour on?

Mr. KING (Kootenay): I have no doubt that my hon. friend knows the local geography much better than I do. I am assuming that Belle river is the river that this harbour is on. Am I right?

Mr. SUTHERLAND: No.

Mr. KING (Kootenay): I do not know the country. I shall be glad to have my hon. friend inform me.

Mr. ANDERSON: As I do not know of any river of any size in Ontario by this name I was wondering if it might run into the St. Clair river.

Mr. KING (Kootenay): I am advised that it runs into St. Clair lake.

Mr. SUTHERLAND: I would imagine that in view of the discussion which took place a year ago in connection with this matter the minister would have taken the trouble to inform himself of the locality. There is certainly no Belle river.

Mr. KING (Kootenay): I have repeated time and again that it is known as Belle river.

Mr. SUTHERLAND: It must be the Thames.

Mr. GRAHAM: No.

Mr. SUTHERLAND: Probably the Minister of Railways (Mr. Graham) is much more familiar with the locality than the Minister of Public Works, as he represents a constituency in that county.

Mr. KING (Kootenay): I expect he would be.

Mr. SUTHERLAND: I think it would be very interesting to the committee to know what his views are in regard to the matter, because so far as the necessity of dredging at this point is concerned I know that in western Ontario it is considered to be somewhat of a joke—as merely a "hand-out" to the constituency for returning a supporter of the government. I do not like to say it, but that as a matter of fact is really what it amounts to. There is no urgent necessity for any expenditure of this kind, and I am sure the committee would like to hear the Minister of Railways give us his views on the situation.

Mr. GRAHAM: Mr. Chairman, I am always glad to accommodate my friend from South Oxford, we have been in public life a good many years together, but always looking at each other from different angles. Belle River is Belle River; it is not the Thames river or any other river.

Mr. SUTHERLAND: All the worse for it.

Mr. GRAHAM: It is one of the nicest little towns located in one of the nicest spots in western Ontario.

An hon. MEMBER: River or town?

Mr. GRAHAM: The river is composed of water and the town is composed of land and houses; you can hardly compare them. But the country, as hon. gentlemen who travel through that part of Ontario know, is very flat and one of the chief items of expenditure is drainage. Now, Belle River is a town situated on what is known as Belle river. I have never heard it called anything else, and I have travelled through there a good many times. This matter was first brought to my attention by the late Minister of Railways, Mr. Kennedy, who, as everybody in this House knew, was not given to doing things that were not necessary and who was not much of a man to be asking for grants for his own constituency. This was brought to my attention in the first place shortly after he was elected. There are several reasons why this little harbour should be enlarged. One is because there is a lot of business capable of being done at Belle River. The population there is anxious to get its coal in by boat, to start with, and it cannot do so under present circumstances. I am talking perhaps against railway interest, when I say this, but I am talking on behalf of the people. There is a prosperous farm population in that vicinity and they are devoting their attention more and more to sugar beet production. There is the export movement of sugar beets, probably via the river Thames, and besides, one or two of the sugar beet refineries have to import a certain quantity of sugar beets annually in order to make up their requirements. If there is any section in Canada that is entitled to some development on account of the necessities of the situation, it is Belle River. I know that a good deal of fun has been poked at it, and there is the suggestion that there never was a Belle river proper. I do not blame hon. gentlemen for taking full advan-

tage of the situation and offering criticism, but I have been there many times and I know the conditions. This money was voted by parliament; the contractor has done his work and wants his pay. The vote is to provide for that payment for work done by the contractor according to the orders of parliament through the Public Works department.

Mr. FORKE: I have a letter in my hand written by an inhabitant of Belle River. He speaks about the mouth of the river being filled up with the drifting silt, so I have no doubt it is a river—"the Belle river"—he says I do not think it is necessary to read the letter; it is much along the line of what the Minister of Railways has just said.

Mr. SUTHERLAND: It is a joke to call it a river. It is a low, flat tract of land, and if you are going to keep it open you will be constantly dredging it. So far as the sugar beet industry is concerned, the exchange of sugar beets between the United States and Canada is in the other direction. The beets are being shipped to Michigan and not through this port at all. They are loaded on the cars and shipped from the eastern part of the county of Lambton.

Sir HENRY DRAYTON: I think it was $400 that was spent at this place in 1921. Will the minister give me the other figures that he relies upon in justification for his position—the amounts spent in other years?

Mr. KING (Kootenay): In 1913, repairs, $268; dredging, $5,318; 1915, $1,040; 1920, repairs, $554.84; 1921, repairs, $1,699; dredging, $400.

Sir HENRY DRAYTON: I do not know that we can very well lock the door after the horse has been stolen, but the horse was stolen all right. Yes, and we did our best to stop it. We had the bill here; we had everything here. We heard all about Tim needing King and King needing Tim. We heard of the price that was paid.

Mr. KING (Kootenay): Oh, no.

Sir HENRY DRAYTON: My hon. friend says, "Oh, no," but everything was produced here, and there was no question about it. There was no question where Mr. Cooper was in that election. There was no question who got those dodgers out; there was no question as to whom those dodgers were used for. Of course the price was paid. I do not know that we can do anything now except again enter our protest that elections are carried on in such a way without something being done through the criminal courts. There was the admitted bill; there was the admitted deal. There was the consideration to be given, and the government endorses the cheque. How much of this vote is to be paid the present contractor?

Mr. KING (Kootenay): $27,663.26.

Sir HENRY DRAYTON: Then why should not the vote be put in at that amount?

Mr. KING (Kootenay): There are always contingencies, engineering expenses, and so on to make up the balance. That is the contractor's fee; as my hon. friend knows there are other items.

11 p.m.

Sir HENRY DRAYTON: I do not know at all. Will any part of this vote be used for extra work that the country is not now liable for?

Mr. KING (Kootenay): No, the work is complete now.

Mr. ANDERSON: What is the character of the work that has been done? Is there a wharf, and if so, what is the size of it? What dredging has been done?

Mr. GRAHAM: I may say, in order that the hon. member (Sir Henry Drayton) may be put right, that this work was asked for when the late Minister of Railways was still in the full vigour of health, and the work would have been done had that by-election never taken place.

Sir HENRY DRAYTON: These things sometimes chime in, but whether they do or not there is no question as to the corrupt offer made to that electorate. There is also no question that this government, with all its protestation on the supposed basis of high moral qualities, never did a single thing in connection with it. On the contrary they came across at the earliest possible moment and endorsed that bill.

Mr. KING (Kootenay): In reply to the hon. member (Mr. Anderson) I may say that the additional items are for the usual inspection and contingencies.

Item agreed to.

Burlington channel—reconstruction of south pier, $50,000.

Sir HENRY DRAYTON: This is entirely a revote?

Mr. KING (Kootenay): Yes.

Sir HENRY DRAYTON: When did it first appear.

Mr. KING (Kootenay): Last year.

Sir HENRY DRAYTON: Why was not the work gone on with then?

Mr. KING (Kootenay): I think the contract was not let until October.

Sir HENRY DRAYTON: The contract has been let?

Mr. KING (Kootenay): Yes.

Mr. ANDERSON: Was the contract let by tender?

Mr. KING (Kootenay): Yes.

Sir HENRY DRAYTON: Was it advertised in the newspapers?

Mr. KING (Kootenay): It was advertised in the usual way.

Sir HENRY DRAYTON: In what papers?

Mr. KING (Kootenay): In the local papers and in the Toronto papers?

Sir HENRY DRAYTON: Which papers?

Mr. KING (Kootenay): The Canada Gazette. I have not a list of the papers here but the advertisement would be inserted in the local papers and in the Toronto papers, the leading dailies, and in the Canada Gazette.

Sir HENRY DRAYTON: The minister tells me we can find that advertisement in the leading dailies of Toronto.

Mr. KING (Kootenay): I would think so.

Sir HENRY DRAYTON: All of them?

Mr. KING (Kootenay): I am not sure, not necessarily.

Sir HENRY DRAYTON: I was just asking; you said "dailies".

Mr. KING (Kootenay): No, not necessarily.

An hon. MEMBER: He said "The leading dailies".

Sir HENRY DRAYTON: Did the minister say in one or two?

Mr. KING (Kootenay): I have not a list here. I have no doubt it was fully advertised.

Sir HENRY DRAYTON: I do not know that. The minister may or may not have done so. Perhaps he can tell me what papers they were?

[Sir Henry Drayton.]

Mr. KING (Kootenay): I am sorry but I have not the list here.

Sir HENRY DRAYTON: What is the rule as to advertising?

Mr. KING (Kootenay): We endeavour to place our advertising so that the public will be informed as to what the requirements are. We use the best media we have for that purpose.

Sir HENRY DRAYTON: I was just wondering what the general practice is. No doubt I ought to know, but I am asking for information, and the minister certainly must know. I am asking what the usual practice is.

Mr. KING (Kootenay): That is what we do.

Sir HENRY DRAYTON: What?

Mr. KING (Kootenay): Place our advertising in the media we think will reach the public.

Sir HENRY DRAYTON: Now, let us get down to something concrete. How long before the tender was called for were the advertisements issued? How long a period was given?

Mr. KING (Kootenay): It is three weeks usually.

Sir HENRY DRAYTON: Would that appear in the local papers? Are there any local papers there?

Mr. KING (Kootenay): Hamilton would be the nearest point, I think.

Sir HENRY DRAYTON: I should think it would be Hamilton, not Burlington.

Mr. KING (Kootenay): Hamilton is the nearest local point.

Sir HENRY DRAYTON: And was the contract advertised for three weeks?

Mr. KING (Kootenay): Three weeks.

Mr. GRAHAM: One insertion a week, I think.

Sir HENRY DRAYTON: That is it, is it? What is the date of the tender? The file will show that?

Mr. KING (Kootenay): The order in council letting the contract was passed on 2nd October, 1923. I have not the date of these single tenders.

Sir HENRY DRAYTON: And the opening of the tenders?

Mr. KING (Kootenay): They would be opened on a certain date fixed.

Mr. ANDERSON: How many tenders were received by the government?

Mr. KING (Kootenay): There were eight in all.

Mr. ANDERSON: Was the lowest tender accepted?

Mr. KING (Kootenay): The lowest was accepted.

Mr. ANDERSON: Who is the contractor?

Mr. KING (Kootenay): The Port Arthur Construction Company, Limited.

Mr. ANDERSON: Is local labour employed?

Mr. KING (Kootenay): I think the practice is to employ local labour where it is obtainable. These contractors carry their own superintendents and chief men with them, but local labour is employed usually.

Mr. ANDERSON: Was there any stipulation in the contract that local labour should be employed?

Mr. KING (Kootenay): No, we do not stipulate that. The contractor undertakes to pay the fair rate of wages prevailing in the locality. For his own purposes he naturally secures local labour. It is cheaper to do that than to carry labour about the country.

Mr. ANDERSON: There was some work done before, was there not?

Mr. KING (Kootenay): There has been work done before. I am not sure that they have started yet. They were to start this spring and I imagine they have done so, but I am not informed as to that.

Item agreed to.

Chatham—repairs to the revetment wall, $4,000.

Sir HENRY DRAYTON: Will the minister explain this item?

Mr. KING (Kootenay): This amount of $4,000 is required to complete the contract entered into with William Bermingham for the renewal of 182 lineal feet of the revetment wall at McGregor's Creek. Here are the details of the estimated cost:

Amount of contract at unit prices..		$14,961 31
Extras approx..	$1,098	
Extension of contract..	3,200	
Inspection..	700	
		5,098 00
Total amount..		$20,059 31
Appropriation 1923-24..		16,000 00
Amount now required to complete		$4,059 31
Say, $4,000.		

In regard to extras the district engineer reports that when the contractor commenced to drive piles he found it impossible to penetrate the hard material without iron shoes on each pile which were provided for in the tender form, and even with shoes it was impossible to reach rock, which was called for under the specifications of the contract. The extra cost of using iron shoes was $6 per pile or a total of $366 and the contractor was authorized to proceed with the driving using shoes. In addition to this the contractor wishes to be reimbursed for the extra length of piles over and above what he actually finds possible to place in the work. The district engineer, Mr. Craig, states that assuming they are able to get 35 feet of penetration the extra length will amount to approximately 12 feet per pile or about $732. It was also found that the old material did not make sufficient backfill as it was not porous enough to allow sufficient run off of any underground water. The contractor was therefore authorized to secure and place in the work 150 cubic yards of coarse sand and gravel at 75 cents per cubic yard. Then as to the extension of the contract the explanation is rather long but I will read it if the committee wishes. The section up there is a rather difficult one and a certain amount of work had to be put in which the engineer thought would be sufficient and would withstand pressure. He found, however, that there had been a slip back of the wall, that there had been a movement, and it was necessary to reinforce and strengthen the wall which cost an additional amount of $3,200. If the committee would like further explanation I would not object to reading the engineer's report.

Mr. LOGAN: Dispense.

Mr. KING (Kootenay): I have given a brief statement of what the report contains.

Sir HENRY DRAYTON: I was wondering if the hon. gentleman who called "dispense" had gone over that report and knew all about it.

Mr. KING (Kootenay): I do not understand what my hon. friend means?

Sir HENRY DRAYTON: My hon. friend's hearing apparently is not very good.

Mr. KING (Kootenay): I did not catch the observation.

Sir HENRY DRAYTON: I think I can save my hon. friend's voice. I do not think he need read the report, it is probably wrong and we will let it go at that.

Mr. MILLAR: Before the item carries I would like to ask a question. I have asked it before but I have never been able to get a satisfactory answer. Here is a small item of $4,000. Now, I understand that under the British North America Act certain matters have been allotted to the Dominion government and other matters to the provincial authorities. Can the minister explain—we have the Minister of Railways here, he is an old parliamentarian—why it is that such small undertakings as these devolve upon the Dominion government whereas other works such as the building of elevators, and the construction of creameries, which cost twice as much, are left to the provincial governments. I suppose there is a good reason for it but I should like to have it explained. Then I could feel more like voting for such enterprises as these. What is the fundamental authority for spending this money?

Mr. KING (Kootenay): The Dominion government own property in that vicinity and this revetment or retaining wall was filled in for the protection of that property.

Mr. MILLAR: Does that apply in every case where money is spent for these wharves?

Mr. KING (Kootenay): This is a retaining wall to prevent property slipping in. It is built to retain the earth in position.

Mr. MILLAR: That is not what I am trying to get at. Surely in all those cases the work is not on property owned by the Dominion government. In every little fishing village if it seems to be right that there should be a wharf or harbour built, the Dominion government undertakes to build it.

Mr. KING (Kootenay): Yes. Under the British North America Act the government assumes that responsibility.

Sir HENRY DRAYTON: I think the hon. member for Qu'Appelle (Mr. Millar) wants to get definite information on that question. As I understand it, the question does not depend at all upon either the amount or the importance of the undertaking. It has rather to do with the sub-division of governmental activities in this country. There is no duty at all, as the hon. gentleman will see, thrown upon the provinces to look after our harbours and rivers. Just in the same way there is no duty thrown upon the Dominion to look after the courthouses of the provinces. The courthouses cost a great deal more than the little improvements on the tuppeny-ha'penny rivers, but nevertheless the job belongs to the Dominion and not to the provinces.

Item agreed to.

[Sir Henry Drayton.]

Cobourg—reconstruction of harbour works and dredging, $50,000.

Sir HENRY DRAYTON: How does that work stand?

Mr. KING (Kootenay): The $24,200 is a re-vote this year. It requires $20,000 to complete the contract. V. T. Bartram is the contractor. The items are as follows:

To complete contract with V. T. Bartram for the reconstruction in concrete of 170 lineal feet of the superstructure of the east pier immediately south of the lighthouse, width of work 30 feet, $20,000.

Dredging, cleaning up inner and outer harbours to depth of 20 feet, ($4,225 of this to complete contract No. 14,320 with Frontenac Dredging Company), $30,479.50. Total amount required, $50,497.50. Say $50,000.

Sir HENRY DRAYTON: Let us get this a little more clearly in our heads. We start with a contract of $25,000, because I assume the government will hold that contract within the vote. What is the initial contract under the vote of 1923-24?

Mr. KING (Kootenay): The initial contract was $18,222. That is the contract for the concrete superstructure of the east pier. Then $20,000 is asked to cover not only the contract, but inspection and other fees. Then there is the dredging and cleaning up of the inner and outer harbours to a depth of twenty feet, $30,497. We are asking for $50,000.

Sir HENRY DRAYTON: When was the later contract let?

Mr. KING (Kootenay): The 14th of September, 1923.

Sir HENRY DRAYTON: What was the authority for it?

Mr. KING (Kootenay): An order in council.

Sir HENRY DRAYTON: Where was the vote?

Mr. KING (Kootenay): We had a vote last year.

Sir HENRY DRAYTON: That was $25,000 and at the time apparently the department let a second contract. I do not know if my hon. friend is right, but I hope he is wrong. Out of a total vote which gives them the right to commit this country to a given expenditure of $25,000 they increase the liability to $48,497.

Mr. KING (Kootenay): Yes.

Sir HENRY DRAYTON: I think the minister is wrong. Suppose he tries again.

Mr. KING (Kootenay): No, I am not wrong. We let a contract for the superstructure of the east pier for $18,222, that is a contract for breakwater reconstruction and also a contract for some dredging which was to be completed under this arrangement this year. We are asking for a vote of $50,000, of which $30,000 will be for dredging.

Sir HENRY DRAYTON: In the fiscal year 1923-24 a vote was passed in the House for $25,000. During the recess we have had two contracts let on the authority of that vote of $25,000.

Mr. KING (Kootenay): No.

Sir HENRY DRAYTON: What was the authority?

Mr. KING (Kootenay): The contract was let on the general dredging vote.

Sir HENRY DRAYTON: The minister did not tell me that at first. There is just one thing done in connection with that which was wrong.

Mr. KING (Kootenay): I do not think so.

Sir HENRY DRAYTON: If the minister thought it was wrong he would not say so anyway. He would not come to the House and say he had brought in something which was improper. I would not expect him to be quite so silly as to admit it and I do not ask his admission. But I am pointing out that it is not good practice to cover specific contracts under your general vote for dredging; and then afterwards, to greatly increase your rights under your general vote by a large revote this year which you try to justify as being a vote to carry out a contract which was entered into to be paid out of the general vote although the general vote was never put to that purpose.

Mr. KING (Kootenay): No that is not correct.

Sir HENRY DRAYTON: It has not been put to that purpose. There is no use in my hon. friend shaking his head. If it had been put to that purpose this vote would not be here. I am not saying this has not been done lots of times.

Mr. KING (Kootenay): We contract under the general vote right along and now we come before parliament this year, the vote having expired, and we put in a special item.

Sir HENRY DRAYTON: How many more contracts are there in this list which are justified under the general vote?

Mr. KING (Kootenay): We have the item for dredging. I have not the information which my hon. friend asks for with me.

Sir HENRY DRAYTON: The amount of the vote ought to be known and the amount of the contracts made under it ought to be known before any specific contracts are considered in connection with it. I am going to ask my hon. friend when he can give me that information, if he cannot give it now.

Mr. KING (Kootenay): I can give my hon. friend the total amount last year if he will look at page 42 under item 163, where he will find the dredging in Ontario and Quebec, $675,000. As to contracts let under that vote, that information will be set forth in proper form and I shall have it here when we reach the vote. I did not bring it to-night because I did not think we would advance this far. I have not the information in my head, but the information will be given to the committee in good time, if that is satisfactory.

Sir HENRY DRAYTON: The proper time to give it is now when we are considering contracts which are let under the general vote. I do not think the minister has understood the point. I am not questioning the amount of money which is being spent under that vote; I am questioning the advisability of continuing a vote which allows work to be commenced impossible of being finished within the term of the vote. In other words, the real function of the general vote, I certainly would have thought, would be to look after general dredging to be done through the provinces apart from the consideration of some specific contracts by parliament. I do not suppose there is any doubt about that. If there is, will my hon. friend tell me?

Mr. KING (Kootenay): There is no doubt at all.

Sir HENRY DRAYTON: That is to enable work to be done apart from special votes for specific contracts by parliament. Is that right?

Mr. KING (Kootenay): Go ahead.

Sir HENRY DRAYTON: The minister will see, if he will just go a step further, that if that be the object of the vote, it is quite another thing to turn around and make that vote the justification for entering into contracts not to be performed under the general vote, but to be made the purpose of a specific vote and committing the House to that specific vote, because, it is said, a contract has already been entered into under the general vote.

Mr. KING (Kootenay): I think my hon. friend misunderstands me. A contract was entered into last year with the Frontenac Dredging Company to be paid out of the general vote.

Sir HENRY DRAYTON: $30,497.

Mr. KING (Kootenay): That contract was let out of the general vote last year and the contractors were paid $15,533. We are asking to be voted this year a balance of $4,225, to complete that contract.

Sir HENRY DRAYTON: Why should that not be included in the general vote, instead of in this vote?

Mr. KING (Kootenay): We had not a special vote; we are asking for a special vote now. This amount of $4,225 is to complete the contract. We are asking for a special vote for harbour works and dredging and we are including that balance in the amount. That is fair, I think, to the committee. I do not think it would be proper to take that from the general vote this year when a special item is being voted for reconstruction, harbour work and dredging.

Sir HENRY DRAYTON: Why not?

Mr. KING (Kootenay): This sets the matter out to the committee clearly. In fact, I am told that it is not the custom where there is a special grant for dredging at a special location to take from the general vote to pay for the work. The amount is put in the special vote as is done in this case. In fact, I think it is an advantage to the committee to have the information and to have the vote made specially in a work of this character.

Sir. HENRY DRAYTON: The minister says that if there is a specific vote for dredging, it should appear in connection with that specific vote. I will agree at once, but the only specific vote for dredging at this point is the one that he makes this year.

Mr. KING (Kootenay): Yes.

Sir HENRY DRAYTON: It is idle to make that the justification for the present action. That certainly does not make you either right or wrong. You have done it. My hon. friend on reflection must see that it is childish to do that. The vote under which that work was done was the general vote.

Mr KING (Kootenay): Prior—?

[Sir Henry Drayton.]

Sir HENRY DRAYTON: Prior to the time those estimates are tabled, and it is in connection with the change that I am objecting. Why should that general vote not be charged with payments of obligations created under the general vote?

Mr. KING (Kootenay): Because we are voting a special item for dredging.

Sir HENRY DRAYTON: My hon. friend surely sees that that is just like saying that any old thing will do. The item I am objecting to is the very item the minister says is his specific item, and this must go under it because, he says, it is a specific item. My objection is to the item itself. Has my hon. friend taken the matter up with the Auditor General?

Mr. KING (Kootenay): The Auditor General will insist on having it in this way.

Sir HENRY DRAYTON: Why?

Mr. KING (Kootenay): He will not allow expenditure out of two votes. We are voting a special item for dredging in this harbour. That being so, the Auditor General would not allow it to be taken from the general vote. That would be his ruling.

Sir HENRY DRAYTON: My hon. friend says: This has to be done in this way because I am doing it in this way.

Mr. KING (Kootenay): No, I am not.

Sir HENRY DRAYTON: I ask my hon. friend to point out any specific vote for dredging except the vote of this year.

Mr. KING (Kootenay): That is the one.

Sir HENRY DRAYTON: Then you come back to your argument which is just as beautiful as Tweedledee and Tweedledum, backwards and frontwards. It has to be done because I have done it. Of course, the Auditor General would say, after this item is passed, that any money expended would have to be expended having regard to this item. But I am going back to that altogether. What I want to try to get at is to what extent that general vote is made use of as founding a justification for contracts which are not expected to be paid for out of that vote, but which are expected to be looked after in legislation of another year like this one is being done. Surely the minister can see the importance of that question. In other words, the committee does not know when

it authorizes a general dredging vote of $600,000, whether that general vote will not be made use of for the purpose of contracts going into a multiplication of that sum, if that principle is adopted.

Mr. KING (Kootenay): I think my hon. friend understands it.

Sir HENRY DRAYTON: My hon. friend is not helping me to understand it, nor can anyone understand it.

Mr. GARDINER: I am sorry to interrupt this conversation but if the committee cannot hear what is going on I would suggest that we go home.

Sir HENRY DRAYTON: I hope I was talking loud enough.

Some hon. MEMBERS: Carried.

Sir HENRY DRAYTON: If the item is carried it is carried on division.

The CHAIRMAN: Carried on division.

Item agreed to on division.

Collingwood—breakwater reconstruction, $20,000.

Sir HENRY DRAYTON: The minister might explain this.

Mr. KING (Kootenay): This $20,000 is required towards the reconstruction of the eastern breakwater by rebuilding in concrete the superstructure of 560 feet at the inner end, adjacent to the 500-foot section completed in 1922-23. This is the final section to be reconstructed.

Sir HENRY DRAYTON: Tenders will be called for, I presume.

Mr. KING (Kootenay): Yes.

Item agreed to.

Collingwood—dredging, $30,000.

Sir HENRY DRAYTON: Is this to be done in the same way as the other?

Mr. KING (Kootenay): This is for the dredging of two sections in the outer harbour to complete the turning basin, enabling a 600 foot boat drawing 15 feet to turn around, and to dredge three sections to clean up the shallow areas in the inner harbour. The work is to be done by contract.

Sir HENRY DRAYTON: The government is not committed at all?

Mr. KING (Kootenay): No.

Mr. ANDERSON: Was there no dredging done last year?

Mr. KING (Kootenay): No dredging was done in the harbour last year.

Mr. ANDERSON: What was the $20,500 voted for last year?

Mr. KING (Kootenay): That was for reconstruction purposes .

Item agreed to.

Goderich harbour—repairs and improvements, $50,000.

Mr. ANDERSON: What is this for?

Mr. KING (Kootenay): This is for improvements to existing harbour works at Goderich, for general repairs, timber, decking and stringers amounting to $1,000; for reconstruction of 600 feet of superstructure, $15,000; this relates to the south pier. For general repairs in connection with the north pier there is $250, and for work in connection with the breakwater $350, together with reconstruction work in concrete on the 80-foot tunnel through the breakwater, $1,100. That amounts to $17,700. Then there is, for reconstruction in concrete on the inner 400 feet, $16,800. There is also an amount to provide for mooring accommodation, in addition to dredging, and so forth.

Mr. ANDERSON: Is the work being let by tender?

Mr. KING (Kootenay): It will be done by contract and tenders will be called for.

Mr. ANDERSON: There was something like $26,000 spent last year.

Mr. KING (Kootenay): That was for repairs and improvements. On the south pier there was a rebuilding in concrete of 147 feet of superstructure. The departmental dredge dredged some 110,000 cubic yards, rock and silt being removed.

Mr. ANDERSON: Is that contract already let?

Mr. KING (Kootenay): No.

Item agreed to.

Harbours and rivers generally—repairs and improvements, $50,000.

Mr. ANDERSON: What repairs will be required, and what harbours and rivers are included under this vote?

Mr. KING (Kootenay): This is required for general repairs and improvements to harbour and river works in Ontario which are under the control of the department. The department has prepared a list of unforeseen expenditures ranging from $30 to $750 or thereabouts. Under this vote repairs which are unforeseen and which are brought to the

attention of the department during the year are taken care of, where the expenditures are not large. Usually these expenditures do not exceed $1,000; they are small amounts. Last year repairs were made, covered in a very long list, involving amounts varying from $92 and even lower—as low as $17—up to $1,000 or $1,200.

Mr. ANDERSON: Is it the practice of the department to combine all these small amounts in a general vote?

Mr. KING (Kootenay): Yes.

Mr. ANDERSON: What is the maximum amount which is included in these unforeseen expenditures? In other words, how large must an item be in order that it shall be regarded as a special vote?

Mr. KING (Kootenay): Where an expenditure is foreseen, amounting say from $1,000 to $1,500, we put it as a special item. But in the general conduct of the department various small expenditures which are entirely unforeseen are inevitable. During the course of the season the engineer makes his inspection and finds probably that $92, or whatever it may be, will provide the necessary work to keep a wharf in a state of repair. That is classed as an unforeseen expenditure, and that principle is observed throughout the service. But only small items are treated in that way.

Item agreed to.

Jackson's Point—to purchase and reconstruct wharf, $6,500.

Sir HENRY DRAYTON: What is the object of purchasing a wharf at Jackson's Point, and from whom is it being purchased?

Mr. KING (Kootenay): The proposed amount of $6,500 is required to provide for expropriation and for the reconstruction of timber crib work of wharf 159 feet long by 36 feet wide, including warehouse and right of way, notice of expropriation having been filed in January 1924. The cost of reconstruction is $2,100. There was an expenditure under the vote of last year of $2,047.

Sir HENRY DRAYTON: But why is the property being bought?

Mr. KING (Kootenay): It is quite a long story. There are letters from the Jackson's Point Board of Trade and resolutions from the council of the Chippewa Band, Georgian island, from the council of the township of King and others.

[Mr. J. H. King.]

Sir HENRY DRAYTON: Is there no government wharf there at all?

Mr. KING (Kootenay): I think not.

Item agreed to.

Jeannette's Creek—wharf repairs, $1,000.

Mr. ANDERSON: Where is Jeannette's Creek?

Mr. KING (Kootenay): In Kent county. This expenditure is for anchor piles and tie rods for the front wall of the wharf.

Item agreed to.

Kincardine—wharf repairs and reconstruction, $20,000.

Mr. ANDERSON: Will the minister give us particulars of this?

Mr. KING (Kootenay): This is to continue reconstruction of the piling and wharfage along the western and south sides of the turning basin commenced in 1922. It is proposed to reconstruct the second section of 975 lineal feet with a concrete superstructure, leaving one more section to be completed.

Item agreed to.

Leamington—repairs to pier, $1,000.

Sir HENRY DRAYTON: With what portion of these public works does the minister desire to conclude?

Mr. KING (Kootenay): I should like to run through Ontario, if that would suit my hon. friend.

Sir HENRY DRAYTON: I suppose he thinks he will have done a pretty good day's work if he gets that through?

Mr. KING (Kootenay): Yes.

Sir HENRY DRAYTON: I have read through this list pretty carefully, I think it is all right.

Item agreed to.

Progress reported.

LIQUOR AND NARCOTICS

TREATY WITH THE UNITED STATES FOR SUPPRESSION OF ILLICIT TRAFFIC

Right Hon. W. L. MACKENZIE KING (Prime Minister): Before the House adjourns, Mr. Speaker, I should like to mention that at noon to-day the Secretary of State, for the government of the United States, and the Hon. Ernest Lapointe K.C., Minister of Justice of the Dominion of Canada, for the Canadian government signed a convention for the suppression of smuggling

operations across the International boundary, the prosecution of persons violating the narcotic laws of either government, and for kindred purposes. Each government is to furnish information on request to the appropriate officers of the other concerning clearances of vessels or the transportation of cargoes, shipments or loads of articles across the International boundary, when the importation of the articles transported by land is subject to the payment of duties, also information respecting clearances of vessels to any ports when there is ground to suspect that the owners or persons in possession of the cargo intend to smuggle it into American or Canadian territory. Clearances are to be denied to vessels carrying cargo consisting of articles the importation of which is forbidden by either country when it is evident from the tonnage, size or general character of the vessel, or the length of the voyage, or certain other conditions that the vessel will be unable to carry the cargo to the destination proposed in the application for clearance. Arrangement is made for the return under reasonable conditions of stolen property brought into either country from the territory of the other when the owners are nationals of such other country. There is agreement that both countries shall exchange information concerning the names and activities of persons known to be engaged in the violation of the narcotic laws of the two countries. The convention also provides for the attendance of government officials of one country as witnesses in the other and the production of records and files or certified copies thereof in the trial of civil and criminal cases. Arrangement is made for the payment of cost of transcript of records depositions, certificates, letters rogotary, and the attendance of witnesses. Offences against the narcotic laws of the respective governments are added to the list of offences in the treaty now existing between the United States and Great Britain of May 18, 1908, with reference to reciprocal rights for the United States and Canada in the matters of conveyance of prisoners and wreckage and salvage, no penalty of forfeiture under the laws of the United States to be applicable or attach to alcoholic liquors or vessels, vehicles of persons by reason of the carriage in transit under Canadian guard through the territorial waters of the United States to Skagway, Alaska, and thence by the shortest route upwards of twenty miles to Canadian territory. Such transit is to be as now provided by law with respect to alcoholic liquors through the Panama canal or on the Panama railroad provided such liquors shall be kept under seal continuously while they are carried within American territory and that no part of such liquors shall be at any time unladen therein. The convention is to take effect ten days from the date of the exchange of ratifications and to remain in force for one year and thereafter is terminable on thirty days' notice.

At the opening of the next sitting I will place on the Table a copy of the treaty which has been signed to-day.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: On Monday we propose to take up the estimates of the Department of External Affairs and matters relating to external affairs, such for example as the appropriation for the League of Nations, and also any matters incidental to the department, the Privy Council and the Governor General's office, and if time permits, we will return to estimates of the Public Works department.

Sir HENRY DRAYTON: Does that go as far as taking up the general question, having regard, for example, to the treaty with Turkey —or rather the lack of it?

Mr. MACKENZIE KING: The Lausanne treaty, I presume, will be one of the main subjects of discussion.

On motion of Mr. Mackenzie King the House adjourned at 11.50 p.m.

Monday, June 9, 1924.

The House met at three o'clock.

HUDSON BAY RAILWAY

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): The other day I promised to lay on the Table of the House certain reports concerning the Hudson Bay Railway, and I now do so.

LIQUOR AND NARCOTICS

TREATY WITH THE UNITED STATES FOR SUPPRESSION OF ILLICIT TRAFFIC

Right Hon. W. L. MACKENZIE KING (Prime Minister): I beg to lay on the Table of the House copy of the treaty for the suppression of smuggling operations along the international boundary, between the Dominion of Canada and the United States, and assisting in the arrest and prosecution of persons violating the narcotic laws of either government, and for kindred purposes.

PRIVATE BILLS

FIRST READINGS

Bill No. 167 (from the Senate), to amend the Act to incorporate the Board of the Presbyterian College, Halifax.—Mr. Duff.

Bill No. 168 (from the Senate), for the relief of James Koniaris.—Mr. Wallace.

SECOND READING

Bill No. 166, for the relief of Raymond Anderson Mashinter.—Mr. McQuarrie.

CIVIL SERVICE SALARY READJUSTMENT

On the Orders of the Day.

Mr. J. H. HARRIS (East York): I desire to draw the attention of the government to a news item appearing in the Toronto Evening Telegram of June 7, which reads:

> Still in the Dark
>
> Civil Service Salaries to be House Announcement
>
> Word reached the city last night that the report of the commission on the civil service salary readjustment had been referred back to the commission and in turn handed back to the cabinet. The officials of the Postal Federation having been advised that an announcement will be made on the floor of the House by the Honourable Mr. King in connection with this matter and the intimation is also given that certain concessions that were objected to by the commission were insisted on by the cabinet as more advantageous to the civil servants.

I desire to ask, is the government going to make this announcement? This is a matter of national importance, to-day, inasmuch as it affects some 12,000 of our civil servants. Secondly, will the government's announcement contain an upward or downward revision of the earnings—not the salaries—of the lower paid civil servants in the postal service?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Civil Service Commission's final report to the government has been concurred in and approved by the government, and to-day an order in council was passed, which, however, has not yet been signed by His Excellency. As soon as it is signed by His Excellency I shall see that a copy of it is laid on the Table of the House. The order, I think, will give full particulars in answer to the question of my hon. friend.

Mr. HARRIS: When does the Prime Minister think that will be done.

Mr. MACKENZIE KING: I think the order in council will be signed this afternoon, so that it can be placed on the Table of the House before the House rises this evening.

[Mr. Mackenzie King.]

CROWSNEST PASS AGREEMENT

On the Orders of the Day.

Sir HENRY DRAYTON: (West York): Can the minister inform me whether the press item to the effect that representations have been made by the railways in connection with the Crowsnest pass agreement have been received is correct and if so will these representations be tabled?

HON. GEORGE P. GRAHAM (Minister of Railways and Canals): I made the statement a few days ago in the House that such representations had been received. I did not consider the question of tabling them, they had not really been fully considered by the government. I think I also added the information that it was the desire of the government, and their intention, to name a day when the railways and those who took an opposite view might be heard before the cabinet, or a sub-committee of the cabinet. I think there is no objection to tabling these memoranda, if there is a sufficient number of copies. I think we only have a half a dozen copies. I will make inquiries.

Sir HENRY DRAYTON: I quite agree that it is for the cabinet to deal with this, but I had not much hope that they would do so, having regard to past history. If they do not, I hope the representations will be tabled.

SUPPLEMENTARY ESTIMATES

On the Orders of the Day:

Sir HENRY DRAYTON (West York): In reference to the Supplementary estimates, I will not ask the Acting Minister of Finance (Mr. Robb) why he is holding up these estimates, but I ask him when we may expect the Supplementary estimates to be tabled.

Hon. J. A. ROBB (Acting Minister of Finance): May I request my hon. friend and others not to press too loudly the intimation that there may be Supplementary estimates.

Sir HENRY DRAYTON: I am glad to accept that as an answer. I know that there will be such estimates, and it would certainly facilitate the business of the House and the passing of the other estimates if the House knew at the earliest possible moment how much it is expected to vote altogether.

WATER-POWERS OF ONTARIO

On the Orders of the Day.

Mr. W. M. GERMAN (Welland): I draw the attention of the Minister of Railways and Canals (Mr. Graham) and the Minister of the Interior (Mr. Stewart) to a report in the

Toronto Globe of last Friday of a speech made by Sir Adam Beck at Prescott, Ontario, as follows:

Sir Adam announced to-night amid loud applause that at an interview in Ottawa to-day with Hon. George P. Graham, Minister of Railways and Canals and Hon. Charles Stewart, Minister of the Interior, these two ministers conceded to him on behalf of the federal government the full rights of Ontario as to the use of its water-power without litigation.

Will the hon. minister tell me if they made a statement of that kind or to that effect, or if they stated anything that would lead Sir Adam Beck to infer that the government would hand over the waters of the St. Lawrence river to the Hydro-Electric Power Commission of Ontario?

Hon. GEORGE P. GRAHAM (Minister of Railways and Canals): Sir Adam Beck, as we all know, is an optimist on the question of the supply of power for the province of Ontario. He certainly is mistaken as to my making any suggestion along the lines indicated in his speech. I would have no authority to make such a statement, and as it is altogether a legal matter, I would not have the knowledge requisite to warrant me in making such a statement.

Sir HENRY DRAYTON (West York): The hon. minister will recollect stating in the House either early this session or late last session that, so far as water for power purposes was concerned, it was a provincial right.

Mr. GRAHAM: I think, speaking from memory, that my statement was that there were different parties interested, and I mentioned those parties, naming the provinces, the States, and the federal authorities. I have expressed the hope in this House that all interests might be harmonized in the undertaking of the great national work, but I would certainly have no authority to make the statement attributed to me by Sir Adam Beck.

Mr. GERMAN: Has the Minister of the Interior any answer to make?

Hon. CHARLES STEWART (Argenteuil) (Minister of the Interior): I have the same statement to make. This is a legal matter. I have said, and I have no hesitation in saying again, that I think the people of Ontario have undoubtedly the first claim upon whatever power may be developed from these waters, but I cannot venture an opinion as to who owns the power.

LIQUOR AND NARCOTICS

TREATY WITH THE UNITED STATES FOR SUPPRESSION OF ILLICIT TRAFFIC

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Has the Senate of the United States ratified the treaty to which the Prime Minister referred on Motions as having been laid on the Table now?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I understand the Senate has not ratified the treaty.

CONSULAR PRIVILEGES

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Centre Winnipeg): I should like to call the attention of the government to a news item appearing in the Montreal Gazette of June 7 under the heading:

Arrest of Spanish representative officially protested by Norwegian consul.

The article states in part:

There are two points at issue. The first is whether a consul, duly accredited, and representing the country in a foreign land, can be arrested by the police. The consuls at Montreal, such as those of France, the United States, Spain, and others, are not only consuls, but consuls-general, and therefore as high in the deplomatic service in Canada as is possible in a colony.

The second point is:

Whether or not the consular service is to remain in doubt in the matter of consular papers being searched by officers of any police force.

In the first place, does the government concede that Canada occupies the status simply of a colony? In the second place, is there precedent for the arrest of a consul, and are consular officers exempted from search?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Replying to my hon. friend's first question, whether the government regards the status of the Dominion as that of a colony, I would say: Most certainly not; the status is that of a self-governing Dominion. As to the second question, whether consuls are to be exempt from arrest, the particular case to which the hon. member refers is one of a consul having been arrested on a very serious charge, that of violation of the smuggling laws, also the Opium and Narcotic Drugs Act of this country. I do not think there is in our laws any provision which would exempt consuls from arrest under such charges. As to whether there is a right of examination of documents in consular

offices, I am not aware that consuls enjoy any immunity equivalent to that which is granted ambassadors.

Mr. WOODSWORTH: Would there, then, be a protest against the Norwegian consul making such statement public as to the standing of Canada politically?

Mr. MACKENZIE KING: I have no doubt my hon. friend's remarks will serve as such.

THE LAUSANNE TREATY

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Will the Prime Minister say whether there has taken place in relation to the Lausanne treaty any correspondence which is not now on the Table and which he may purpose to use in the discussion?

Right Hon. W. L. MACKENZIE KING (Prime Minister): As I intimated at the time the correspondence was tabled, the correspondence is not complete. Such of it as was agreed upon between the British government and this government was brought down. I do not propose this afternoon to refer to more than one communication which is not before the House. It is a communication which I have already shown to my right hon. friend. I do not intend to disclose the contents of it, but I purpose making some reference to it. Apart from that, I shall not refer to any other of the correspondence not tabled.

FORTHCOMING LEGISLATION

On the Orders of the Day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): My right hon. friend (Mr. Meighen) asked me on Thursday last if I would intimate to the House at an early date what further legislation might be brought before parliament this session. I should not like to bind the government absolutely by saying that we will confine ourselves strictly to the list of bills that I may now refer to. Naturally, the government would wish some little latitude; questions may come up between now and the close of the session that will suggest the necessity for further legislation. But, broadly speaking, I think the statement which I am about to make will cover the important legislation that is likely still to be brought down. I shall make no reference to what already appears on the order paper; it is assumed that whatever is already there will be proceeded with. There is, also, of course, legislation that will arise out of the reports of the several committees that are sitting at the present time and that have not yet reported to the House. Most important in that connection will be the committee on Redistribution, the committee on Banking and Commerce, the committee to which has been referred the Superannuation Bill, the committee dealing with Soldiers' Pensions and Re-establishment, and the committee on Old Age Pensions. Then, there are contemplated amendments to the Dominion Elections Act; an amendment to the Yukon Act; a bill providing for the consolidation of the revenue collecting services of the government under one administrative head, as was announced in the Speech from the Throne, amendments to the Criminal Code; amendments to the Immigration Act, Feeding Stuffs Act, Dominion Lands Act, Land Titles Act, Inland Lakes and Freight Rates Act, Gold and Silver Marking Act, and Annuities. Possibly also legislation with respect to loans to one or more of the harbour commissions, and legislation to ratify commercial treaties, may be brought down.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

STEEL IMPORTS

Mr. DOUCET:

1. Has the government received from the Board of Trade, Sydney, Nova Scotia, a resolution protesting against the proposed tariff changes as embodied in the budget resolution dealing with the entry into Canada, duty free, of certain steel products?
2. Does the government propose amending said resolution, so as to safeguard Canadian steel Industries?

Hon. Mr. ROBB:

1. Yes.
2. It is not the practice of the government to announce any change in customs duties except by resolution in the House of Commons.

STURGEON FALLS POST OFFICE

Mr. LAPIERRE:

1. How many years have the premises now occupied as post office in Sturgeon Falls been under lease to the government?
2. How many times has the lease been renewed?
3. Who were the lessors during this period?
4. Who is the present lessor?
5. When does the present lease expire?
6. Who is the postmaster at the present time?
7. How long has he been in office, and what salary does he receive?
8. What is the present rental now paid for the use of said premises?

Hon. Mr. KING (Kootenay) (for the Postmaster General):

1. Since 1st November, 1915.

2. The first lease covered a period of two years from 1st November, 1915 to 1st November, 1917, and renewable thereafter from year to year for a further period of three years. The premises were occupied under this lease to 1st November, 1920. The lease was renewed for a period of two years from 1st November, 1920, to 1st November, 1922, and was again renewed for a period of five years from 1st November, 1922, to 1st November, 1927.

3. The lessor from the time these premises were leased was Mr. A. A. Aubin. In September, 1923, Mr. Aubin requested that rent be paid from 1st October, 1923, to Messrs. Girard and Rochon, who have purchased the premises.

4. Messrs. Girard and Rochon.

5. 1st November, 1927.

6. J. D. Cockburn.

7. Since 15th November, 1884. Salary, based on revenue, together with commissions and allowances, amounts to about $3,782 for the current year.

8. $1,200 per annum—$800 is paid by the Public Works department and $400 by the postmaster.

CANADA COLONIZATION ASSOCIATION

Mr. RINFRET:

1. What amount was paid by the government to the Canada Colonization Association, for immigration and other purposes?

2. How many immigrants has that company secured to date?

Hon. Mr. ROBB:

1. $140,000.

2. The total number of immigrants from the field covered by the Canada Colonization Association during the years in which the above subscriptions were paid was 28,378.

CIVIL SERVICE RETIREMENT

Mr. RINFRET:

How many employees will leave, or have already left the civil service since January 1, 1924, in accordance with the government's policy of economy (a) in the Postal Department at Montreal, and (b) in the Customs and Excise Department, Montreal?

Hon. Mr. COPP:

Post Office department: (a) Twenty-two positions in the Montreal Post Office which have become vacant since the 1st January, 1924, owing to the resignation and retirement of the incumbents have not been filled and it is considered can be dropped from the organization of the office without impairing the efficiency of the service. Further positions will be dropped from the organization as they become vacant providing the requirements of the service permit.

Department of Customs and Excise: None.

UNITED STATES TARIFF

Hon. Mr. STEVENS:

1. Is there a clause in the United States tariff empowering the president to increase the duty against foreign goods entering the United States, under certain conditions?

2. If so, has the said law been invoked during the past two years, and how frequently and on what goods, and to what rate was said duty increased?

Hon. Mr. ROBB: The hon. member for Vancouver Centre (Mr. Stevens) is not now in his seat. May I direct the attention of the leader of the opposition (Mr. Meighen) to the fact that this question is one which I do not think we as the government of Canada can very fairly answer.

Mr. MEIGHEN: I do not see any difficulty in answering the first one.

Mr. MACKENZIE KING: It applies to all countries.

Mr. MEIGHEN: I am satisfied the answer could be given in so far as Canada might be affected.

Question stands.

POWER DAM AT MORRISBURG

Mr. CHURCH:

1. Has an application been received by the government of Canada from the Hydro-Electric Power Commission of Ontario to construct a power dam at Morrisburg?

2. If so, is the application complete, or what remains to be done to complete the same?

3. What action, if any, has or will be taken by the government, and has the government consented to the same?

4. Will a decision be given on this application without undue delay?

5. Has the government of the province of Ontario consented to the application and is it supporting the same?

6. Has the government of the province of Ontario consented to grant the leases required for the construction of this work, and what communications have been received from them?

Hon. Mr. KING (Kootenay):

1. An application for approval of plans and site for dam and power development works at or near Morrisburg has been received from the Hydro-Electric Power Commission of Ontario.

2. No: the commission has advised that it will forward evidence of its interest in the

lands, covered by water, upon which the works are to be constructed, but has not yet done so.

3. Completion of the application is being awaited.

4. Yes.

5. No communication on the subject has been received from the Government of Ontario.

6. See Nos. 2 and 5.

MR. LOUIS GAUTHIER

Mr. DOUCET:

1. Has Mr. Louis Gauthier, caretaker of the post office at Matane, Quebec, been retired?

2. If so, on what date did his retirement take effect?

3. For what reason was he dismissed?

4. Were any charges made against him?

5. If so, by whom; what were such charges, and was an investigation held?

Hon. Mr. KING (Kootenay):

1 and 2. The services of Mr. Louis Gauthier were dispensed with on May 31, 1924.

3. For unsatisfactory service.

4 and 5. Yes, charges of offensive conduct were made by Ange Paradis, L. O. Roy, T. Joncas, F. Pino, F. Gagnon, pere, Miss A. Desjardins, Miss G. McLaren, J. R. Boulanger, R. St. Laurent, F. J. Pelletier, M.P. An investigation was held.

CANADIANS AND PASSPORTS

Hon. Mr. STEVENS:

1. Is it necessary for Canadians travelling to Great Britain to have passports?

2. If so, where are these passports obtainable and is there a charge made for same?

3. Has said charge been increased from $2 to $5 per person?

4. Has the government made any representations to the British government for the removal of this onerous formality?

Right Hon. Mr. MACKENZIE KING:

1. Yes.

2. Passport Office, Department of External Affairs, Ottawa. A fee is payable on the issue of a passport.

3. The fee on a passport has been increased from $2 to $5, but a passport may include more than one person.

4. Representations were made to the British government asking that Canadians visiting Great Britain might be relieved of the obligation to carry passports, but it was pointed out in reply that if Canadians did not carry passports they would find themselves subject to more inconvenience at the port of arrival than they now experience in obtaining passports at the outset, owing to arrangements made for controlling the entry of aliens, under which evidence of nationality has to be furnished by those entering the United Kingdom, experience having shown the carrying of a passport to be essential; and His Majesty's government was of opinion that it would not be either to the general advantage or in the interests of the passengers themselves to dispense with the requirements of passports.

SPEAKER'S SECRETARY

Mr. SEGUIN:

1. What amount did the Speaker's Secretary receive for his last year of service (a) as a fixed salary; (b) as sessional clerk; (c) as a bonus; (d) in any other capacity; during the last year that this position was filled?

2. What amount is at present being paid for the whole year services of the two stenographers and typewriters who are doing the work of the Speaker's Secretary and belong to the stenographers staff?

Right Hon. Mr. MACKENZIE KING: This question is merely a repetition of a question answered a day or two ago. It is somewhat differently expressed but the hon. member will find that the answer has already been given.

UNOPPOSED MOTIONS FOR PAPERS

RED RYAN

Mr. RYCKMAN:

For a copy of all telegrams, letters or other messages, or documents, despatched from the Department of Justice to the authorities of Portsmouth penitentiary respecting the non-infliction of lashes on the person commonly known as Red Ryan.

BANK OF COMMERCE; BANK OF HAMILTON

Mr. COOTE:

For a copy of all correspondence, letters, telegrams and other documents passing between the government or any member thereof and the Canadian Bank of Commerce and the Bank of Hamilton or any of the directors of the said banks or any other parties, in any way relating to the amalgamation of the Canadian Bank of Commerce and the Bank of Hamilton.

MR. D. D. CAMPBELL

Mr. CHAPLIN:

For a copy of all correspondence, telegrams and other documents referring to the dismissal of Mr. D. D. Campbell as Postmaster at O'Leary, Prince Edward Island, and if charges were made and an investigation held, a copy of the evidence taken and the investigator's report.

LUDOVIC GERMAIN

Mr. DOUCET:

For a copy of all correspondence and other documents relating to the inquiry on Ludovic Germain, chief of the city distribution branch, Montreal Post Office; also a copy of evidence given at said inquiry, together with the investigator's report.

TRADE COMMISSIONERS

Sir HENRY DRAYTON:

For a copy of all correspondence, telegrams, letters and other documents, passing between the Department of Trade and Commerce and the Civil Service Commission respecting the matter of the necessity of a person being a university graduate before appointment as trade commissioner.

Sir HENRY DRAYTON:

For a copy of all letters, telegrams and other documents passing between the Department of Trade and Commerce and the Civil Service commission respecting the matter of an age limit for appointments as trade commissioner.

MAJOR J. B. HARDINGE

Mr. JOHNSTON:

For a copy of all reports, correspondence, telegrams and other documents, passing between any officer or officers of the Indian Department, from September, 1922, to date with respect to the suspension, and subsequent resignation of Major J. B. Hardinge, Indian Agent of the Touchwood Agency at Punnichy, Saskatchewan.

MR. S. BRICKMAN

Mr. SUTHERLAND:

For a copy of all correspondence, telegrams and other documents relating to charges of political partisanship preferred against S. Brickman, Postmaster at Sebringville, Ontario, together with a copy of the evidence taken, the investigator's report, and showing what action was taken by the government on said report.

MR. WILLIAM BOYD

Mr. SUTHERLAND:

For a copy of all correspondence, telegrams and other documents relating to charges of political partisanship preferred against Wm. Boyd, postmaster at Kagawong, Ontario, together with a copy of the evidence taken, the investigator's report, and showing what action was taken by the government on said report.

MR. W. L. TROTTER

Mr. SUTHERLAND:

For a copy of all correspondence, telegrams and other documents relating to charges of political partisanship preferred against W. L. Trotter, postmaster at Sheguinadah, Ontario, together with a copy of the evidence taken, the investigator's report, and showing what action was taken by the government on said report.

NORTHWEST TERRITORIES ACT AMENDMENT

Hon. CHARLES STEWART (Argenteuil) (Minister of the Interior) moved that the House go into committee at the next sitting to consider the following proposed resolution:

Resolved, that it is expedient to amend section eight of the Northwest Territories Act, Revised Statutes, 1906, chapter 62, by adding to the subjects on which the Commissioner in Council may make ordinances as therein designated, the levying of an export tax on furs within the Territories.

Motion agreed to.

SUPPLY—LAUSANNE TREATY

The House in committee of Supply, Mr. Gordon in the chair.

Department of External Affairs—Under Secretary of State for External Affairs, Deputy Head, $8,000.

Mr. MEIGHEN: Does the Prime Minister expect the discussion to take place under this item? If so, does he propose to make a statement respecting Canada's relationship to the Treaty of Lausanne and the recent controversy that has arisen upon it? As yet he has merely outlined the letters that have passed.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Chairman, as I mentioned to the House some days ago, I thought it would perhaps afford hon. members more latitude in discussing matters pertaining to the Lausanne conference and treaty if this subject were brought up when the estimates of the Department of External Affairs were under consideration. Perhaps it would facilitate discussion if I were at once to anticipate some of the points that may possibly arise in connection with the subject and endeavour to remove some misapprehensions and, I might add, misrepresentations, and also give to the House a clear statement of the government's attitude and position in regard to the treaty.

Hon. members have had placed before them in printed form a copy of most of the communications that have passed between the British government and the Canadian government with reference to the conference and the treaty. I had better direct the attention of the House immediately to the communication in which the government was made aware of the holding of the conference and the nature of the invitations which were extended to the conference by the parties who had in hand the arrangements with reference thereto. The communication setting forth the essential facts in this regard will be found as the first in the return which has been brought down. It is dated London, October 27, 1922, and is from the Secretary of State for the Colonies, addressed to myself as Prime Minister of Canada. It is as follows:

Yesterday invitations were sent by the governments of Great Britain, France and Italy to the Japanese, Roumanian, Jugoslav, Greek and Turkish governments, "both of Constantinople and Angora," to send representatives to Lausanne, November 13th to conclude treaty to end war in the East which will replace Treaty of Sevres. Russian Soviet government and Bulgarian government also being invited to send to Lausanne, at any date to be fixed, representatives to take part in discussion on question of the Straits which the conference will undertake at a later stage. Inquiry (?) is also being addressed

by the three governments to the United States expressing hope that they will permit United States representative to be present during Lausanne negotiations in a capacity similar to that in which United States representative was present during negotiations at San Remo in 1920, or to take more active part in the negotiations, specially on the question of the Straits. According to arrangements agreed upon with French and Italian governments each government would be represented at Lausanne by two plenipotentiaries. Secretary of State for Foreign Affairs will personally act as chief British plenipotentiary and it is proposed he should be accompanied by the British High Commissioner at Constantinople. Dominion governments will be kept informed from time to time on the general lines of policy on which British plenipotentiaries propose to proceed and of course of negotiations and in case of other treaties arising out of the peace will of course be invited to sign new treaty and any separate instrument regulating the status of the Straits. His Majesty's government trusts that this procedure will be in accordance with the wishes of your government. Plenipotentiaries are fully acquainted with the Imperial aspect of the problem and with the keen interest taken by the Dominion governments in its solution. Similar telegram sent to other prime ministers. Ends.

DEVONSHIRE.

Hon. members will observe that this communication begins with the words, "Yesterday invitations were sent"—not, as has been interpreted in some of the press discussions which I have seen on the subject, "are being sent" —which would indicate that the governments mentioned were considering sending certain invitations and were desirous of consulting in the first instance with the government of Canada in reference to them. Our information was of un fait accompli—the statement given to us was to the effect that the invitations had been sent the day before. I would ask hon. members to notice the wording of the first sentence—"were sent by the governments of Great Britain, France and Italy." The dispatch does not say that the invitations were sent on behalf of the governments of the British Empire; the meaning is clear.

—were sent by the governments of Great Britain, France and Italy to the Japanese, Roumanian, Jugoslav, Greek and Turkish governments to send representatives to Lausanne on November 13, to conclude a treaty to end the war in the Near East.

A little further on in the dispatch is the paragraph:

According to arrangements agreed upon with the French and Italian governments, each government will be represented at Lausanne by two plenipotentiaries.

"Each government" refers to the governments mentioned in the opening sentence of the dispatch, namely, the governments of Great Britain, France and Italy. There is no mention there of the governments of the British Empire; in particular, there is no mention there of the Dominion of Canada, nor indeed, will there be found anywhere within the four corners of this dispatch the least intimation that in any way it was intended that the Dominion government should be represented at this conference by the plenipotentiaries that are named therein.

My right hon. friend asked me early this afternoon if I intended to refer to any other communications. It is an embarrassing feature of this situation that all the correspondence cannot be placed on the Table of the House, but hon. members will appreciate that in matters of international concern there may be communications which, while there is no reason why they should not be known to the different governments of the same Empire, it might not be advisable to have made public as against the rest of the world.

There was, accompanying this dispatch, another communication, also of a confidential character, which had a distinct bearing upon the reply which was sent by this government. Indeed, both communications should be read together in order to enable those who are interested properly to appreciate the full significance of the reply which the Canadian government sent. Now, I am precluded from giving the text of the other communication to which I have referred, but when this matter first came up in the House I sent a copy of all the correspondence to my right hon. friend, the leader of the opposition so that he would be aware, being a member also of the privy council, of the full nature and extent of the correspondence that had passed between the two governments, and I wish to say in his hearing that that communication gave reasons why the government of Canada was not being invited and why representatives from this government should not and could not be present at the Lausanne conference. That fact, I think, should be made clear in view of the discussion that has taken place in the Old World as well as in this with respect to the stand taken by the government of Canada. I think it should have been made clear in the British House of Commons that there had been a communication which, in so many words, gave reasons why Canada could not be represented at the conference.

Having received this intimation, we had to consider the nature of the reply which we would send. Had we wished to create an embarrassing situation, we might possibly have taken strong exception to the manner in which this whole subject had been brought to our attention and to the course adopted, but we realized that there were many serious aspects of European politics which it was advisable for us to take into account. We were in no way anxious to add to the difficulties of the

British government in dealing with these matters; indeed, we were desirous of doing all in our power to assist in removing any sort of embarrassment, and in that spirit and wholly from that motive the following message, of date October 31, was sent by His Excellency the Governor General, as coming from myself, in reply to the Duke of Devonshire's message:

I have the honour to acknowledge the receipt of Your Grace's dispatch of the 27th instant, informing our government of the invitations to the Lausanne Conference which have been sent to the governments of other countries by the governments of Great Britain, France and Italy, and setting forth the procedure in reference thereto.

Our government has no exception to take to the course pursued by His Majesty's government with respect to the conclusion of a treaty to end the war in the Near East. As, however, it is proposed to keep our government informed from time to time of the general lines of policy on which British plenipotentiaries propose to proceed, and of the course of negotiations, and to invite us to sign a new treaty and any separate instrument regulating the status of the Straits, we deem it advisable to avail ourselves of the earliest opportunity to inform His Majesty's government that in our opinion the extent to which Canada may be held to be bound by the proceedings of the conference or by the provisions of any treaty or other instrument arising out of the same, is necessarily a matter for the parliament of Canada to decide and that the rights and powers of our parliament in these particulars must not be held to be affected by implication or otherwise in virtue of the information with which our government may be supplied.

This was signed by His Excellency, Lord Byng. I would direct the attention of the House to the use in this dispatch of the words "a treaty to end the war"—

Our government has no exception to take to the course pursued by His Majesty's government with respect to the conclusion of a treaty to end the war in the Near East.

The intimation that had been given to us concerning the Lausanne conference was that it was a conference for the purpose of bringing the war to an end. When this first communication was being considered by council, the question naturally arose, how did Canada come to be in the war?—was it at the instance of some action of our Governor in Council, or was war declared by His Majesty the King on the advice of his ministers in Britain? I think the facts will disclose that His Majesty the King acted on the advice of his ministers in Britain in declaring war against Turkey. That being the case, it did not seem to us an unnatural thing that His Majesty's ministers in Great Britain should deem that they were in a position to conclude a treaty which would end the war without feeling the necessity of insisting upon other parts of the British Empire also sending representatives to Lausanne. We therefore made it clear that we did not propose to take exception to the course which had been pursued, of arranging a conference to end the war. But, as the intimation went further than merely dealing with the question of ending the war, and indicated that there might be new obligations arising out of some new treaty, we felt it our duty at once to avail ourselves, as the dispatch says, of the earliest opportunity to tell His Majesty's government that, with respect to new obligations that might be created, obligations of a nature other than those which merely related to the question of the ending of the war, our parliament would wish to exercise its right to say to what extent it would be bound by those obligations—there being no representative of Canada at the conference and there being no opportunity for real conference or consultation in connection with its proceedings.

I think a great deal of the misunderstanding and misapprehension which has arisen in this matter has grown out of the circumstance that when the public were first informed in the British parliament of the attitude of the Canadian government they were informed in words that did not accurately represent the facts. Indeed, the Prime Minister of England, Mr. MacDonald, has given me authority to state to the House that if his words in any way conveyed the impression that Canada had been formally asked to be represented at the conference and that we had concurred in such a course, they were conveying a meaning which was not in accordance with the facts.

Let me read from a journal of high reputation which contains an article that has been much quoted and which I think will help to explain wherein the different parts of the British Empire have received an entirely erroneous impression of the Canadian government's action. I refer to the article which appeared in the London Times on Wednesday, April 9, 1924, headed "Lausanne and Canada," I shall not read the whole editorial, but in order that hon. members may have the context of the facts I desire to quote I will read the first part of it:

The House of Commons will have a further opportunity this afternoon to discuss the attitude of the Canadian government towards the Treaty of Lausanne, but the light which is needed can come only from the Canadian government itself, which undoubtedly has acted wisely in welcoming the publication of the correspondence which has passed on the subject between Great Britain and the Dominion. The question asked by the Montreal Star, "Is Canada at War with Turkey?" may seem absurd. Yet it is a legitimate constitutional comment on Mr. Mackenzie King's refusal to recommend ratification to his parliament, and really goes to the root of the Imperial problem. Nothing is easier than to pick holes in the

Turkish Treaty, and particularly in the Straits Convention, which forms part of it; but Mr. King's objection, on his own showing, is not so much to the treaty itself as to the manner in which it was negotiated. The history of the Lausanne Conference scarcely sustains that objection—

Now, this is the part to which I wish to direct special attention:

—for Mr. King himself appears to have been a party to the arrangements made for the representation of the British Empire in general and for Canada in particular. According to Mr. Ramsay MacDonald, all the Dominions, including Canada, were asked if they consented to Lord Curzon and Sir Horace Rumbold attending the conference as "Imperial representatives." To this they agreed—indeed, we have it on the authority of Mr. King himself that Canada "did not desire separate representation." In other words, to quote Mr. Ramsay MacDonald, "Canada was represented by Lord Curzon at Lausanne with her full knowledge and consent."

Those statements are entirely erroneous. Canada was not represented at Lausanne. I was not, as this editorial says, any party to representation. No word was sent to us in any dispatch asking us if we would accept Lord Curzon or Sir Horace Rumbold as "Imperial representatives." Language of that kind was not used in any of the dispatches. We were told that Lord Curzon would represent the government of Great Britain and we were given reasons why Canada could not be represented. These were the facts as they were before us at the time we were considering what reply we should send to the dispatch that had been received. The Times editoral goes on:

In due course the treaty was signed and if Mr. King had a word of protest or of criticism the people of this country and of his own have still to learn the fact.

The correspondence which has been brought down will show, I think, that so far as the British government was concerned there could be no mistaking our attitude. Such criticism as we had to make was set out in the clearest language in the communications that passed. I think I may leave it to the hon. members to judge for themselves whether there could have been in the minds of the British government, or to any of those to whom these dispatches may have been referred the slighest doubt as to our position. The Times article goes on:

Then came the Imperial Conference. On October 5 Lord Curzon delivered a very full explanation of the treaty and its terms to the Prime Ministers, with the happy result that, in the official words of the summary of the proceedings, "the Conference recorded its satisfaction at the conclusion of peace between the Allies and Turkey." If Mr. King dissented, the report is silent on the subject.

One would gather from this that at the Imperial conference I had not dissented from the view that Canada was represented. Now here again I am placed in a position of very unfair embarrassment. The proceedings of the conference are, for the most part, secret. If I undertake to disclose to the House what took place at the conference then it is made to appear that I am betraying the secrecy of the conference itself, and because I have not done this, where it suits the occasion or the particular line of attack which opponents may wish to make, it is stated, because of my silence, I have acquiesced in all that has been done, that I have taken no exception to a particular course. Well, Mr. Chairman, I think I am right in saying that one understanding that existed at the time the conference held its proceedings was that while there was to be secrecy with respect to the transactions from day to day, every member present at that conference was to have full liberty when addressing his own parliament to make perfectly clear to its members the position he took in regard to any matter of concern to them. I purpose to take advantage of that right and privilege to tell this House and the country, and to tell the people of Great Britain—and I think it should have been told before this by a British minister—that at the Imperial conference I distinctly stated that Canada was not invited, I distinctly stated that Canada had not been represented at Lausanne, and I distinctly gave the reason why we did not take exception to not being represented, intimating that we had felt that probably these matters, in the opinion of those who had sent out the invitations, had not the same immediate and direct interest for Canada as matters such for example, as those which were discussed at Versailles were supposed to have. I think one will find in these dispatches here language which conveys unmistakably that view and impression. In order that there may be no doubt on this matter, let me say that I not only took this position at the conference, but more than a month or two ago I cabled the British government and directed the attention of the Prime Minister of Great Britain to the passage in the conference proceedings where my words would be found which asserted that Canada had not been invited and was not represented at Lausanne. I drew attention to a part of the proceedings which makes it clear that in the presence of the Prime Minister, in the presence of Lord Curzon the Minister for Foreign Affairs and of the president of the Privy Council and other British ministers,

4 p.m.

I used words very much along the following lines:

In referring to International conferences, I stated that when we came into office the conference on the limitation of armaments was being held at Washington, that Sir Robert Borden was representing Canada, that Sir Robert's report had been made to the government, and that I would like to draw the attention of the members of our conference to two or three of its pages, more particularly where Sir Robert Borden sets forth his views on the matter of treaties, as they represented a point of view which I thought we in Canada all held in common: That at Genoa and at The Hague we were represented —that we had been invited to be present at those conferences and, considering their nature, we felt it would perhaps be not only of interest and benefit to ourselves, but also to others if we were represented there; that at Lausanne we were not represented, that we were not invited; that we had taken and took no exception to not being invited; that we felt that the matters that were being discussed there were not of the same immediate and direct interest to ourselves as they were to those who were represented at the conference, and that therefore we had no exception to take to the course that we adopted.

That was the substance of my words at the Imperial conference, representing Canada's voice in this matter, and I think it was owing to our government and to our country that when the government and the country were being criticised in England for nothing having been said at the Imperial conference on this matter, it should have been made perfectly clear at Westminster exactly what statement was made by me on behalf of Canada at the Imperial conference.

Mr. MEIGHEN: I do not like a misconception to go out on this point. Was the criticism which the Prime Minister himself read from The Times, not a criticism that there was no objection taken to the terms and provisions of the treaty? I did not read into it, as he read it, nor have I read elsewhere, the criticism that he did not state at the conference that Canada was not invited. The criticism was that he raised no objection to the terms of the treaty.

Mr. MACKENZIE KING: I think I can point to a dozen papers which state emphatically that at the conference nothing was said by me as to Canada's attitude. I will read the wording of this particular editorial again; the wording may possibly bear out what my hon. friend has just said, but what I would like to make clear is this, that so far as the general public of Great Britain and of other parts of the British Empire are concerned, the impression that is left in their minds from its reading was that at the Imperial conference, when Lord Curzon and the Prime Minister of Great Britain were present, I, as Canada's representative, had said nothing as to Canada's attitude, whereas, as a matter of fact, I made the position very clear, as I have just intimated to this House. I quote from The Times again:

> In due course the treaty was signed, and if Mr. King had a word of objection or of criticism, the people of this country and of his own have still to learn the fact.

I think after that statement was made and debates occasioned by it were taking place in the British House, when the attention of the British government had been drawn exactly to what I said at the conference, it was owing to an accurate and full statement of the position that some explanation should have been made in this regard in the British House of Commons. The article continues:

> Then came the Imperial Conference. On October 5 Lord Curzon delivered a very full explanation of the treaty and its terms to the Prime Ministers, with the happy result that, in the official words of the summary of the proceedings, "the Conference recorded its satisfaction at the conclusion of peace between the Allies and Turkey." If Mr. King dissented, the report is silent on the subject.

Lord Curzon did deliver a statement as to what had taken place at the conference. It was the first intimation, apart from the communications that had been received during the course of the conference itself, that the Dominions prime ministers had had of what had taken place, and when we were informed that a treaty of peace ending the war with Turkey had been concluded, when we were told this by Lord Curzon, naturally we expressed satisfaction at such an announcement, and we were only too pleased to have it recorded in the proceedings of the conference. But the point that attention is here being directed to is that the attitude Canada is now taking is something different from that which was taken at the conference, whereas the contrary is entirely the truth of the situation. The Times article goes on:

> The Canadian parliament has now been asked to ratify the treaty and Mr. King has suddenly discovered that the Dominion was not even a party to the contract.

As though there had been a complete change! I have suddenly discovered we were never a party to the contract!—when from the very first dispatch up to the last, we were making our position absolutely and wholly clear on that point. The editorial goes on:

> According to his argument, Canada was "not invited" to Lausanne, and therefore cannot be bound by the

treaty. That statement, which in itself implies a grievance, can hardly be reconciled with his admission that the Dominion "did not desire direct representation," and with his acceptance of Lord Curzon and Sir Horace Rumbold as "Imperial representatives."

Now if it were true that I or the government had taken any such position or had accepted Lord Curzon as an "Imperial representative," certainly we would be entitled to this kind of criticism and attack. But we have never at any time understood that Lord Curzon in any sense of the word was representing this Dominion; and, as I have already said, we had very special grounds for knowing that, so far as the Dominions were concerned, they were not being represented at Lausanne. Further than that, not only did I take that position in discussing foreign affairs at the main sittings of the Imperial conference, but at least at two subsidiary conferences I again spoke with reference to Canada's attitude on the Lausanne treaty, and the minutes of the proceedings of one of the conferences contains a direct statement which will be found in the Foreign Office at the present time to the effect that the Prime Minister of Canada intimated that it might not be possible for the Canadian government to express formal concurrence in the ratification. This statement will be found as part of the record of the proceedings of a conference called to consider amongst other things the Lausanne treaty.

Mr. MEIGHEN: Have these minutes been laid on the Table of the House, or made public in any way?

Mr. MACKENZIE KING: No they have not, and that again evidences the limitations of the situation. I contend I am not violating any right of secrecy when I avail myself of the opportunity, as leader of this government, of telling parliament when the question is raised as to my not having said anything concerning representation or ratification at the Imperial conference, exactly what took place. I have communicated with the British government, directing attention to this statement, which will be found in the minutes of the conference. In the presence of the prime ministers of the other dominions and the members of the British government, I made it clear that because we were not represented, and because we had no part in the conference, this government did not feel that it could bring into the House a treaty negotiated as this treaty had been negotiated, and expect to have the approval of parliament of the obligations it carried with it. I made that clear, but I also made clear that we did not intend to embarrass the British government in the matter when it came to the final ratification of the treaty, and that whatever position the British government might wish to take with regard to it, we would raise no objection. In other words if the British government recommended the ratification of the treaty, so far as Canada was concerned, we were quite prepared that ratification should bind us. We never raised the question as to Canada not being bound by ratification. If hon. members will look through the correspondence, they will see that our attention was specifically drawn to the fact that the treaty when ratified would bind us. Let me refer to the dispatch which appears under date December 8, 1922, and which reads:

> Any treaty resulting from the Lausanne conference will of course replace the treaty of Sevres, and until it comes into force, a state of war between the British Empire and Turkey will technically continue. Treaty must, therefore, be binding on the whole Empire when ratified.

There was a specific statement made to us. We have taken no exception at any time to that statement. We have never stated that the Lausanne treaty would not bind the whole empire. Out attitude is being construed at the moment as if in some way we were acting in a manner which would dismember the Empire; as if we were seeking to break away, and to have Canada separate herself into some little community by herself. We have never taken that attitude. We have never questioned the fact that when the treaty was signed it would bind us. When His Majesty the King declared war, Canada was brought into war as a consequence of the declaration, and when the King ratifies the treaty, Canada will be brought out just as she went into war by the action of the sovereign without any consultation with our ministers in that regard.

Hon. members of the House may ask why the government has watched this matter so carefully, and why they take the particular position they do—

Mr. SHAW: Before the Prime Minister proceeds further: I understand from the Prime Minister that the ratification of the treaty by the king will bind Canada. Do I take from his observations that Canada will be bound to maintain, for example, the demilitarized zone in the Thracian frontier, and also in the Dardenelles?

Mr. MACKENZIE KING: I shall have a word to say about that a little later. So far as the British Empire is concerned, internationally in relation to Turkey and other countries, the action of the king in signing this treaty binds to my mind the whole Empire.

As to the extent of obligation arising between different parts of the Empire, in other words, considered intra-imperially, in the carrying out of its provisions, the government takes the position that it will be for this parliament to decide what, should occasion arise, in the light of all the circumstances, and in the light of the manner in which this treaty was negotiated, and the discussion we are having at the present time, its obligation may be under the terms of the treaty.

Mr. MEIGHEN: Would not that be exactly the effect if we expressly ratified the treaty?

Mr. MACKENZIE KING: No, I think there is a great difference, with all due respect to my right hon. friend. It is one thing for the government to be represented, as we were at Versailles, by ministers who were given full powers in virtue of an order in council passed by the government of Canada, requesting that such full powers should be given by His Majesty's ministers who were present at Versailles through all stages of the negotiations, who understood the Canadian position and the Canadian attitude, and saw that it was maintained, and then signed with full powers given by the king with authority to sign, in respect of the Dominion of Canada. It is quite a different matter where a treaty is negotiated, drafted and concluded as this was by a conference which had been arranged before any member of the government knew it was being called, and at which no representative of Canada was present to take any part in the proceedings.

Mr. MARTELL: Is the whole question not this: That whilst Canada by an order in council made a request of the British authorities to be represented with full plenary powers yet we merely have colonial status, in spite of what the right hon. leader of the opposition (Mr. Meighen) and the right hon. the Prime Minister (Mr. Mackenzie King) might say? We are simply as regards these matters, colonial in our status, and even though we try to get away from that, we find we still remain in that position.

Mr. MACKENZIE KING: I think my hon. friend has at the back of his mind something which bears on the point I am making, but I do not know that he grasps what I said. Were we to hold the view that a minister at London, without any conference with or the consent of the Dominion of Canada, without being in any way a representative of Canada in connection with the proceedings of a conference which he might attend. could bind this country, then we would enjoy simply a colonial status, but if, on the other hand, we take, as we do, the position that the government took in this matter, and which Sir Robert Borden has taken, that since the war there has been a fuller recognition of the rights of the Dominion, namely that there is equality of status between the self-governing dominions and the British government on matters which are of like concern to all, then there is a getting away from the colonial status into a status of partnership within the Empire, which is an entirely different thing.

Mr. MARTELL: I quite admit that the parliament of Canada has been asserting, both under Sir Robert Borden and under my right hon. leader (Mr. Mackenzie King), the right to full partnership with all the British dominions, yet nevertheless we are all confronted with the fact that we are still colonials. Of course, we go on pressing and saying we have a right to be treated as members in a co-partnership, but in the final analysis we find that we are still colonials.

Mr. MACKENZIE KING: If I may be permitted to complete the statement I am making it might facilitate understanding of our position. The House is in committee; there will be ample opportunity afforded for full discussion of this particular point. I should like to make clear just what is in the mind of the government in the position that we are maintaining. I referred a moment ago to a report of Sir Robert Borden, a report which I brought to the attention of all who were present at the Imperial conference. It is the report which was made of the Conference on the Limitation of Armaments held at Washington from November, 1921, to February 6, 1922, a report of the Canadian delegate including treaties and resolutions. On page 42 of this report under the sub-heading Dominion Representation in the British Empire Delegation, Sir Robert Borden sets out very clearly and concisely the stages which he believes should be followed in negotiation of treaties of an inter-Imperial character by which the Dominion of Canada is to be bound. Broadly, Sir Robert presents the matter as follows: That, as respects negotiation, the government of Canada should be consulted before preliminary arrangements are finally concluded; that Canada should be represented by one who is duly authorized by her own government, by one who holds full powers from His Majesty the King at the request of the government of Canada; that the treaty to be binding should be signed in respect of Canada by such representative, and that as regards

ratification it should be left to the government to decide whether they wish to make it an executive act without reference to parliament or to follow the procedure which was followed in the case of the Versailles treaty of referring the treaty to parliament in the first instance for approval before ratification.

Our dispatch to the British government on December 31, 1922, with reference to the signing of this treaty is based on the position as stated by Sir Robert Borden in his report to this parliament, which report was accepted by this parliament. In other words, arising out of the war, as a consequence of the war, there was developed a fuller recognition of the doctrine of equality of status between the different parts of the Empire. Had this government taken a course which would have failed to maintain that status, no one would have been so strong in his denunciation of its course as my right hon. friend opposite. Assume that we had not drawn the attention of the British government to the position that Canada had attained as a consequence of the part taken in the war, to her recognized right in the matter of the negotiation of international treaties to be consulted and represented by her own representative, and that we had then brought the treaty into this House and asked parliament to approve it prior to ratification, I need not tell the House how strong my right hon. friend would have been in his denunciation of the government, and rightly so.

We are asked why we do not bring the treaty into the House for approval. The reason the government have not brought the treaty into the House for approval is that we believe that if the House were asked for its approval, that approval would not be given in view of the circumstances I have mentioned and the manner in which the proceedings were conducted. We have to take the responsibility for submitting to parliament any treaty for approval. Equally we have to take the responsibility for refusing to submit a treaty to parliament for approval. If my right hon. friend thinks that we have not taken a right course in not submitting this treaty for approval, let him bring in, at any time between now and the conclusion of this session, a resolution condemning the government for not submitting the Lausanne treaty and we shall debate the question, and see what the result will be. I think as respects treaties which bind this country in a manner which may lead to participation in future foreign wars, hon. members will agree that there is only one way in which such treaties should be negotiated from the first stage to the last, and that parliament will insist on seeing that all precautions are taken in matters that mean the assumption of great obligations. The dispatch sets forth the line of proceeding which we think should be followed in treaties which bind different parts of the Empire, based as I say on the report of Sir Robert Borden already approved by this parliament. The dispatch which is from His Excellency the Governor General to His Grace the Duke of Devonshire, Secretary of State for the Colonies, reads:

Ottawa, December 31, 1922.

Following from Prime Minister for you. Begins:—

Treaty with Turkey. Your Grace's telegram of December 8 begins: Quote. Our message of November 16 was framed on the assumption that the Canadian government would wish to follow the procedure adopted in the case of treaties with Germany, Austria and Bulgaria. End quote.

The procedure referred to is, we understand, that adopted with respect to the Paris Peace Conference, and followed later with respect to the Washington Conference on the Limitation of Armament. As regards Canada's participation there were in that procedure four separate, distinct and essential stages.

One. Direct representation of Canada at the conferences at which the treaties were drafted, and participation in the proceedings of the conferences by Canada's representatives, each representative holding a Full Power signed by His Majesty the King in the form of letters patent authorizing him to sign (quote) for and in the name of His Majesty the King in respect of the Dominion of Canada (end quote) any treaties, conventions or agreements that might tend to the attainment of the object of the conferences, the Canadian government having by Order in Council sanctioned the issuance of these Full Powers by His Majesty.

Two. Formal signing of the treaties on behalf of Canada by the plenipotentiaries so named.

Three. Approval by the parliament of Canada of the treaties thus signed on behalf of Canada.

Four. Assent of the government of Canada to the final act of ratification by His Majesty the King of the treaty signed on behalf of Canada and approved by the parliament of Canada.

Your Grace is quite right in assuming that as regards treaties in which Canada is supposed to have a direct or immediate interest, the procedure here outlined is the one which our government would wish to follow. In the case of the main political treaties concluded since the War, in general the rule seems to have been followed that, wherever the dominions could be said to have a direct or immediate interest, the procedure was shaped to include their participation in, and signature of, the proceedings. That in the case of the conference at Lausanne a like procedure has not been followed with respect to representation and participation by Canada, has been regarded by us as evidence that in the opinion of the countries by whom the invitations to the conference at Lausanne were extended, Canada could not have been believed to have the direct and immediate interest which she was supposed to have in the conferences at Versailles and Washington.

To the course pursued with respect to the Lausanne conference, we have, as mentioned in my telegram of October 31, no exception to take. As regards procedure, however, it must be apparent that quite apart from any action or representation on the part of the government of Canada, a different procedure has been followed in the case of the present conference at Lausanne to that followed at Versailles and Washington. In so far as one stage in procedure is necessarily dependent upon the

stage preceding, it is difficult to see how a like procedure can be followed. Canada has not been invited to send representatives to the Lausanne Conference, and has not participated in the proceedings of the conference either directly or indirectly. Under the circumstances, we do not see how, as respects signing on behalf of Canada, we can be expected in the case of a new treaty or of any separate instrument regarding the Straits, to follow the procedure adopted in the case of the treaties with Germany, Austria and Bulgaria. Ends.

I should like hon. members to notice that this dispatch is dated December 31, 1922. The treaty was signed on July 24, 1923. Fully six months before the treaty was signed, we made it clear to the British government that in view of the fact that we had not been invited to send representatives to the Lausanne conference, had not participated in the proceedings of the conference, either directly or indirectly, we did not, under the circumstances, propose to sign the treaty. That was before the Imperial conference was held. I think I am entitled to say that if the British government held a different view of our obligations or were inclined to question our attitude, they should have raised that question at the Imperial conference. Before the Imperial conference was held, we had placed our position on record very clearly; we had intimated in dispatches that we did not intend to sign the treaty; but no question was raised by any member of the conference controverting that point. Similarly, as I have said, our position was made still more plain at the conference itself. In passing I should direct the attention of the House to a dispatch of January 27, 1923, from the Secretary of State for the Colonies:

Your telegram dated December 31, Lausanne conference. Please inform your Prime Minister that in the circumstances His Majesty's government willing to fall in with his suggestion that any treaties with Turkey resulting from conference should be signed only by the British plenipotentiaries who have negotiated them, if it is generally acceptable. I am ascertaining whether it will be agreeable to the Prime Minister of the Commonwealth of Australia and the Prime Minister of New Zealand.

Hon. members have just heard my dispatch; I leave it to the House as to whether it contained any suggestion that the signature should be in any sense a signature other than that of the British plenipotentiary acting in accordance with the authority which he had at the time the invitations were sent out.

I hope I have made it clear that the government in its attitude on this matter has been trying to maintain logically and consistently the position which was fought for, gained and held by Canada's representatives at the Versailles conference, which was followed in subsequent treaties, which was followed in the international conference that was held at Washington on the question of armaments, and which was followed in the conferences at Genoa and at The Hague. If we had departed from that procedure we should in our opinion have been justly entitled to such measure of criticism and censure as this House might have seen fit to pass upon us. We were simply seeking to maintain that equality of status which had been gained, and which we have been in the habit of asserting, as between the self-governing dominions and the Mother Country, in matters of a kind that are supposed to affect us all.

Mr. WOODSWORTH: If there is an equality of status why are all these communications as between this government and the government of Great Britain, conducted through the Secretary of State for the Colonies?

Mr. MACKENZIE KING: They have to be conducted through someone, and the Secretary of State for the Colonies, who holds an historic position, has been the customary channel of communication. And happily there have been in that position on occasions gentlemen who have been particularly well acquainted with some of the outlying dominions. I cannot see the point of my hon. friend's remark.

Mr. WOODSWORTH: If the ministers of this government occupy the same relationship to the king as do the ministers of the British government there should be direct communication by this government with His Majesty.

Mr. MACKENZIE KING: Well, members of the British government in communicating with this government do so through the Governor General, so that it is as long as it is broad; each has to communicate through some agency. It is a matter of convenience, and no doubt as time goes on there will be changes in methods of communication, possibly more in accord with new developments. But I cannot feel that at the present time this country is in a position of subordination merely because communications go through one particular channel in the Old Land rather than through some other. However, that is a point that may be debated further on some subsequent occasion.

Now, not only is the position which this government has taken with respect to this treaty in accordance with precedent which we believe to have become well established, but it is also entirely in accord with the agreement which was reached at the Imperial conference with respect to negotiation,

signature and ratification of treaties. Let me quote to the House from the summary of proceedings at the Imperial conference the following paragraphs respecting negotiation, signature and ratification of treaties. First as regards negotiation:

It is desirable that no treaty should be negotiated by any of the governments of the Empire without due consideration of its possible effect on other parts of the Empire or, if circumstances so demand, of the Empire as a whole. Before negotiations are opened with the intention of concluding a treaty, steps should be taken to ensure that any of the other governments of the Empire likely to be interested are informed, so that if any such government considers that its interests would be affected it may have an opportunity of expressing its views, or when its interests are intimately involved, of participating in the negotiations. In all cases where more than one of the governments of the Empire participate in the negotiations there should be the fullest possible exchange of views between those governments before and during the negotiations. In the case of treaties negotiated at international conferences where there is a British Empire delegation on which, in accordance with the now established practice, the dominions and India are separately represented, such representation should also be utilised to attain this object.

In other words, the conference recognized it as an established practice that if an international conference related to a matter which immediately affected all parts of the Empire the different dominions should be individually represented at that conference. The following paragraph relates to signature:

Bilateral treaties imposing obligations on one part of the Empire only should be signed by a representative of the government of that part. The full power issued to such representative should indicate the part of the Empire in respect of which the obligations are to be undertaken, and the preamble and text of the treaty should be so worded as to make its scope clear. As regards treaties negotiated at international conferences, the existing practice of signature by plenipotentiaries on behalf of all the governments of the Empire represented at the conference should be continued, and the full powers should be in the form employed at Paris and Washington.

The form employed at Paris and Washington was a full power granted by His Majesty the King at the instance of the government of Canada requesting that such full power should be given and containing in itself the right of the representative of Canada to do in respect of the Dominion of Canada all that His Majesty could do were he present for the purpose.

I do not wish to detain the House for any length of time on this matter but I believe that it is well that hon. members should appreciate the serious phases of it. Either the treaty we are discussing by which this parliament is to be bound is purely nominal and technical, or it stands for something substantial and carries certain obligations with it. If it carries obligations which involve both the honour and the resources of the country then this treaty should receive from parliament the most careful attention in all its aspects before any action should be taken in the nature of approval of its provisions prior to ratification.

There is one feature I wish to mention before leaving the matter of signature and representation, because it is somewhat significant. I hold in my hand what I believe to be evidence beyond all contradiction as to whether in the view of the British government itself, Canada and the other British dominions were represented at Lausanne. I have taken the trouble to look at the Debates of the British House of Commons and House of Lords, and I have here the report of the debate that took place in the House of Lords on Thursday, February 28, 1924, on the second reading of the Treaty of Peace Bill in which Lord Parmoor, Lord President of the Council, gave a full statement—the first full statement given to the British parliament—of the negotiations respecting the Lausanne treaty and those who were represented there. At page 428 of the Lords Hansard of February 28, 1924, will be found the relevant part of Lord Parmoor's statement in this regard. His Lordship said:

The modern history of this matter begins from the Mudania armistice or conference which took place in October, 1922, after the Greek forces had been driven out of Asia Minor. Then, on November 20, 1922, the first Lausanne conference was held under the presidency of the noble Marquess. I notice that he states in the speech to which I have referred that he was kept eleven weary weeks at Lausanne in connection with that conference, which, of course, was a very important one, raising as it did a considerable number of international questions. There were present representatives of France, Italy, Japan, Rumania, Jugo-Slavia and Greece, in addition to the representatives of this country.

Not in addition to the representative of the British Empire but, "in addition to the representatives of this country"—Great Britain—which is entirely in accord with the announcement as to the nature of the conference which was sent out. I ask hon. members to listen to this:

The Turks were present and also representatives of some other countries who had, or who thought they might have, an interest in the matters which were to be discussed at the conference.

Now, in the light of that statement do my right hon. friend and those who sit about him feel that Canada was represented at that conference?

In addition to the representatives of this country the Turks were present and also representatives of some other countries who had, or who thought they might have, an interest in the matters which were to be discussed at the conference.

Matters which they thought they had or might have an interest in—all who so thought had their representatives present.

At this conference a treaty was prepared and placed on the table ready for signature, but at the last moment the Turks refused to sign, and, finally, nothing was done on that occasion. The discussion was recommenced at Lausanne in April, 1923. I am not quite sure whether the noble Marquess was himself present on that occasion.

The Marquess Curzon of Kedleston: No.

Lord Parmoor: On this occasion the chief work of the representation of the interests of this country—

Not of the British Empire.

On this occasion the chief work of the representation of the interests of this country was in the hands of Sir Horace Rumbold, who was the head of the British High Commission in Constantinople. At length a treaty was signed on the date which is mentioned in the preamble of the bill, July 24, 1923, and at the present time it only awaits ratification.

As if that were not enough we have also the statement of Lord Curzon who was there as the representative of the British Government. Let us see according to Lord Curzon's own words whether his lordship represented the British dominions. If he did represent them, they were singularly absent from his mind when he was telling the House of Lords how this treaty had been negotiated. On page 434 will be found the Marquess of Curzon's speech. He is reported as follows in reference to the Lord President of the Council:

In the opening stages of his speech the noble Lord observed with truth that the measure of which he proposes a second reading is not in itself a ratifying bill. The power of ratifying treaties is inherent in the sovereign and this bill is designed merely to carry into effect certain conclusions and provisions arising out of the treaty of Peace.

As regards the latter, I have risen at this stage, not in the smallest degree with the idea of discouraging any questions that may be put by any noble Lords who are interested in the matter, but because it seems to me that, although this is not a ratifying bill, this is emphatically the occasion on which this House of Parliament is asked to give its assent to this Treaty of Peace, terminating the long, devastating and disastrous war between Turkey and the Allied powers, and that it would be unseemly in the highest degree if your Lordship, confronted with a situation like this, were not given some exposition, not merely of the financial concomitants and conclusions of the treaty but of what the treaty itself is—how it was concluded, why it was concluded, what are its broad features, in what way they ensure the due protection of British interests, and in what way they make for the peace of the world. That is the great issue we are deciding to-day and your Lordships will pardon me if I devote my remarks in the main to endeavouring to give an answer to those questions.

The noble and learned Lord, the Lord President of the Council, said with truth, that the treaty of Peace which we are now, in effect, ratifying was the result of two conferences, or rather a conference conducted in two stages, between the Powers and Turkey in the years 1922 and 1923. In enumerating the powers who were represented at Lausanne I think he omitted, no doubt by accident, to say that not merely were the Allied powers there represented—Great Britain, France, Italy and Japan—but America was also represented, and, in addition there were the other states who had been at war with Turkey or whose territories were contiguous to the Straits or the Black sea.

These are Lord Curzon's own words. He was correcting the leader of the government in the Lords in his enumeration of the parties who were present at the conference, and he said—and this is on February 28 of this year—

In enumerating the powers who were represented at Lausanne I think he omitted, no doubt by accident, to say that not merely were the Allied powers there represented, Great Britain, France, Italy and Japan—but America was also represented, and in addition there were the other states who had been at war with Turkey or whose territories were contiguous to the Straits or the Black sea.

Now, I ask my right hon. friend again: Does he think that Canada was represented at Lausanne? Does he think that Lord Curzon believes that Canada was represented at Lausanne?—Lord Curzon who was conducting the negotiations on behalf of Great Britain. And does he think in the light of this statement, which is a true statement of the situation, that this government is at fault in not bringing in to the House the treaty for formal approval, which approval, as I said a moment ago, is either a mere matter of form or carries with it vast and grave obligations in which both the honour and resources of this country are involved?

I think, Mr. Speaker, that some who in the Old World follow these constitutional and international questions more closely and accurately than some who write very freely on them in this country have come a little nearer to appreciating the Canadian point of view and the attitude of the government in reference to this matter than have our own writers. Apropos of this I should like to read to the House a letter addressed to the editor of the London Times by Mr. A. Berriedale Keith, of the University of Edinburgh. It sets out our attitude in the clearest way. When this article was written there had been no communication whatever with Mr. Keith by any member of the government, so far as I am aware, and I might add that I do not think that at that time the correspondence had even been brought down. His article is in the form of a letter to The Times and appeared in the issue of April 26, of this year. Mr. Keith is a careful student of and a recognized authority on international law, and the author of several important works. He saw very clearly what was in the mind of the Canadian government, and he expressed it in these words:

Imperial Treaties—Canada and Lausanne—Attitude to Straits Convention.

Sir, It is easy to understand Mr. Mackenzie King's reluctance to ask the Canadian parliament to approve ratification of the Treaty of Lausanne, since such

action would imply the undertaking by Canada of a definite and positive responsibility to render aid in case action became necessary under the Straits convention, and, as the controversy over Article X of the League of Nations Covenant proves, Canadian opinion is united in the view that Canada should accept no o bligation to action which would fetter the decision of future Canadian parliaments.

But the parliamentary discussions leave obscure the vital question whether Mr. King really holds that the treaty of Lausanne, if and when ratified simpliciter, will be binding upon her because it was not signed by Canadian representatives acting eo nomine for Canada. This, of course, is the view suggested by the opinion of Mr. Doherty in 1919, when he explained to the Canadian House of Commons the doctrine of signature of treaties, and asserted that Canada could be bound only by treaties concluded in this manner. But I am unable to find any doctrine of international law on which his views could be supported and it appears clear that, unless and until international recognition is accorded to this new doctrine, a ratification without express exclusion of Canada must bind Canada in international law, as much as it binds the rest of the Empire. On this view, however, though ratification will bind Canada, it will remain open to Canada, as freely as in the past, to decide what steps she will take to assist activity in securing the observation of the Straits convention, if the need should ever arise, and for all practical purposes this position should be satisfactory enough for Canada.

The alternative, the exclusion of Canada from ratification, would raise such grave issues that it may be assumed Mr. King does not contemplate asking for such action.

He is entirely right in that. Mr. Berriedale Keith states the position of the government exactly when he says:

A ratification without express exclusion of Canada must bind Canada in international law, as much as it binds the rest of the Empire. On this view, however, though ratification will bind Canada, it will remain open to Canada as freely as in the past, to decide what steps she will take to assist actively in securing the observation of the Straits Convention, if the need should ever arise, and for all practical purposes this position should be satisfactory enough for Canada.

What I want to make clear, in answering the hon. member for West Calgary (Mr. Shaw) is this: There is a distinction to be drawn between the purely legal and technical position in which this Dominion may be placed and the moral obligations which arise under treaties depending upon the manner in which such treaties are entered into, upon the parties who are present, and the representative capacities in which they acted while negotiations were proceeding. Legally and technically Canada will be bound by the ratification of this treaty; in other words, speaking internationally the whole British Empire in relation to the rest of the world will stand as one when this treaty is ratified. But as respects the obligations arising out of the treaty itself, speaking now of inter-imperial obligations this parliament, if regard is to be had to the representations which from the outset we have made to the British government, will in no way be bound by any obligation beyond that which parliament of its own volition recognizes as arising out of the situation.

Mr. MEIGHEN: Does the prime minister consider Canada as much bound by the treaty as Great Britain?

Mr. MACKENZIE KING: I certainly do not; I thought I had made that clear. I would like to know whether my right hon. friend does?

Mr. MEIGHEN: I was just observing that he was complimenting Mr. Keith on how accurately he had described Canada's position. I notice that Mr. Keith, referring to a doctrine which he regarded as possibly held by the Prime Minister, uses these words:

I am unable to find any doctrine of international law on which this view could be supported, and it appears clear that, unless and until international recognition is accorded to this new doctrine, a ratification without express exclusion of Canada must bind Canada in international law, as much as it binds the rest of the Empire.

I had thought up until now that Great Britain was part of the rest of the Empire.

Mr. MACKENZIE KING: My hon. friend's interruption is characteristic.

Mr. MEIGHEN: What is the matter with it?

Mr. MACKENZIE KING: I read this passage and I said I agreed with it; I said it represented, as it does ,the legal and technical point of view. It says:

Ratification without express exclusion of Canada must bind Canada in international law—

In international law.

—as much as it binds the rest of the Empire.

Certainly; and the whole purport of my remarks has been to draw a distinction between the moral obligation which would rest upon this country, which was not represented at Lausanne, and the position of Great Britain which was represented by a representative carrying full powers and authority from His Majesty the King. That is the whole point in question. Let me read the paragraph following what my right hon. friend has just read but which he has been careful to omit:

On this view, however, though ratification will bind Canada, it will remain open to Canada, as freely as in the past, to decide what steps she will take to assist actively in securing the observation of the Straits Convention, if the need should ever arise, and for all practical purposes this position should be satisfactory enough for Canada.

Mr. MEIGHEN: Will the Prime Minister say that Great Britain has not an equal right to decide what practical steps she will take?

Mr. MACKENZIE KING: Great Britain, in deciding what steps she will take, will have regard for the fact that her minister plenipotentiary was present, that he conducted the negotiations, that he signed the contract, that this was all done with the full knowledge of her government from beginning to end; and the government of Great Britain will naturally be expected to recognize to the full every legal and every moral obligation arising therefrom. I say in that regard, the position of this country is very different, its government not having been represented, not having been invited to be present, not having had anyone present with authority to speak in the name of Canada. That is the position I take. About two years ago, my right hon. friend was taking the position that regardless of—well, I will not say regardless of the non existence of a treaty, but having regard to the terms of a treaty which had been signed but had never been ratified, this country ought to go to war with Turkey —and go to war why? To drive the Turk out of Europe. He took the position on the public platform of condemning my colleagues and myself because we did not instantly respond to a dispatch that had been sent broadcast from England to the dominions to inquire whether they would not send troops to the Near East. A week or two after that dispatch had gone out the right hon. gentleman bravely and heroically shouted that the answer should have been, "Ready, aye Ready." and that it was our job to get into the fight.

Mr. MEIGHEN: Why does the Prime Minister put words in my mouth that I never used? Will he quote what I said?

Mr. MACKENZIE KING: Then will my right hon. friend tell me what words he did use?

Mr. MEIGHEN: I used the words "Ready, aye, Ready when there was need"; so did Sir Wilfrid Laurier in 1914. The latter words I did not use. If the prime minister will read exactly what I said he will do me justice. He won't do it otherwise.

Mr. MACKENZIE KING: I am quite prepared to let my right hon. friend's words do him justice. Now it appears he said "Ready, aye Ready," when there was no need and that is why he was there with those words at that time. The point I wish to make is this: My right hon. friend was laying emphasis on a treaty which had been signed by a Canadian representative. He was basing his whole case on the fact that Canada had been represented at Sèvres by a minister fully empowered; that the minister had put his signature to the treaty. That treaty had not been ratified and was not binding in any sense, yet on the basis of signature alone he was urging that it was the obligation of this country to go to war to drive the Turk out of Europe. Now, after another conference—

Mr. MEIGHEN: Will the right hon. gentleman read what I said as to going to war, and tell us if Australia went to war?

Mr. MACKENZIE KING: What did my right hon. friend mean?

Mr. MEIGHEN: If the Prime Minister will read what I said he will see what I meant.

Mr. MACKENZIE KING: I apologize; I thought my right hon. friend was taking a stand that really meant something.

Mr. CLARK: It was a case of union within the Empire.

Mr. MACKENZIE KING: What? Union within the Empire? We are now getting thoroughly characteristic Tory attitudes on these imperial matters. Hon. gentlemen opposite are putting themselves in their true light. They think that all that is necessary is to shout loyalty, to wave the flag and all the rest of it, when there is no danger. When they come to these questions of obligation binding the country for the future, then they would act regardless altogether of the obligations which may be involved. My right hon. friend took his position when it was a question of driving the Turk out of Europe; now he condemns us because we do not ask parliament to become parties to a treaty to keep the Turk in Europe, and to see that he is preserved in the position that he holds at the entrance to the Straits.

Mr. MEIGHEN: The right hon. gentleman seems to know my position. I have not expressed it yet, but I congratulate him on his success.

Mr. MACKENZIE KING: I accept the congratulations of my right hon. friend; they are among the very few I have ever received from him. Now may I read a statement signed by another university professor, Mr. G. L. Haggen, of the Law Department of the University of Leeds. This is also a communication to The Times; it is dated Wednesday, April 23rd, 1924, and is entitled, Imperial Treaties; the Dominions and Ratification; Mr. Mackenzie King's Position. I shall not read the whole article; I will simply quote a pertinent paragraph:

> Presumably, Mr. Mackenzie King would not deny that the treaty is legally binding upon Canada; he would merely contend that, since Canada was not represented at Lausanne, Canada is not morally bound to

give any active assistance to the other parts of the Empire should active measures become necessary at any time to honour our obligations under the treaty. Active assistance would involve expenditure of money, and it is beyond question that the dominions have the right to judge for themselves the measure of the contributions which they will, on any occasion, make to the common cause.

Canada, one feels sure, would not stand aside in a crisis, but Canada is within her rights in refusing to be committed in advance by the treaty if in fact the Canadian government was not consulted, as we are bound to assume if we are properly to appreciate Mr. King's point of view.

Those communications are not communications written by partisans in this country. They are the carefully considered opinions of scholars in the Old World itself.

I think, Mr. Chairman, I have said enough to make clear the position the government has taken, and why we have taken that position. Let me repeat. We have not in the past, we do not now hold the view that Canada as a part of the British Empire will not be legally bound by this treaty when it is ratified, but we do say that the moral obligation resting upon this parliament and country under this treaty, when it is ratified, having regard to the different manner in which the whole negotiations were carried on, will be vastly different to the moral obligation which is imposed upon the country under the Treaty of Versailles.

Mr. LADNER: Would the Prime Minister be good enough to distinguish between the moral and the legal obligation? I have always thought there was considerable consistency between them.

Mr. MACKENZIE KING: I am afraid I shall have to leave it to somebody else to educate my hon. friend on that point. If parliament were considering at the moment the practical question of honouring the obligations of this treaty by the resources of this country, my hon. friend would very soon be able to distinguish what the difference was having regard to the facts that I have just mentioned.

Mr. LADNER: I do not want the Prime Minister to think I was raising this question in any spirit of levity. It seems to me it is the point on which the whole debate turns, and the one which will chiefly concern the country—if in making treaties you can say at one time there is a moral and a legal obligation, and the next time something different.

Mr. MACKENZIE KING: I think as I have already indicated, it will all depend upon the manner in which a treaty is negotiated.

the part taken by the country in the negotiations, in the signature, and in the final approval of the treaty itself.

Before I resume my seat, let me say one word as to my own attitude in regard to the future of this country in its inter-Imperial and international relations. Hon. gentlemen opposite in their press and in their speeches never lose an opportunity to misconstrue and misinterpret my position on these questions, and I should like my position to be clearly known from one part of this Dominion to the other. As I see it, looking to the future of Canada, and having regard to the kinds of discussion that have taken place, there are at least three possible avenues of political development: One leading to complete independence, another leading to annexation with the United States, another leading to a more clearly recognized nationhood within the community of nations comprising the British Empire or the British Commonwealth, by whichever term you may wish to call it. I can conceive of only one other possible alternative, and that is the Dominion reverting back into its original parts and there then being two or more separate colonies or dominions, whichever you wish to call them, within what are now the confines of the one Dominion. That possibility, I think, is not to be considered for an instant. For my own part, I believe that the future of this Dominion will be happiest and best, most prosperous, and in every way most to the good, if its development is along the line on which it has been thus far, towards a fuller recognition of national status within the community of free nations which comprise the British Empire; and it is because I hold that view, it is because I believe in it so strongly, that, in this particular matter, I have been prepared to risk whatever in the way of misunderstanding and criticism and censure might come from those who have not had a full knowledge or appreciation of the significance of the facts. I have been taking my stand from the point of view of Canada a nation within the British Empire, not Canada a colony, not Canada in any inferior or subordinate position, but Canada a country which has gained and which merits equality of status with other dominions and with the Mother Country in these inter-Imperial relations.

Now in regard to the manner in which that community of nationhood may be best maintained, there have been some who have thought that that end would be best served by an Imperial parliament meeting at Westminster. Others again have thought that that end would be best served by something in

the nature of an Imperial council sitting in London and issuing decrees which would bind all parts of the Empire. There is a third view which is that that end will be best obtained by the several dominions having full recognition given to their status of self-governing dominions, within the full meaning of these words and in there being worked out in the best possible way as respects inter-Imperial affairs, effective means for consultation and co-operation between the dominions and the Mother Country, as units possessing equality of status within the British Empire. Now I do not believe that an Imperial parliament is a possible thing; I think an Imperial council would be a thoroughly bad thing; I believe it would lead to the destruction of the British Empire, and not to the making of it. But I do believe that within the British Empire every step we take to make clearer to each other that we believe in our nationhood and realize to the full our rights of self-government, will make for that future development on safe and secure lines, and I believe, as against the rest of the world, it will make for the unity and strength of the Empire itself.

But what above all else is needed is a united Canada, a Canada that as a nation will stand as one, recognizing its responsibilities and its duties, as well as its rights, a Canada that will have one aim and one purpose, a Canada which is united within itself and finds its unity within the unity of the British Empire as well.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Chairman, this subject is one that requires the most careful thought, and most cautious treatment at the hands of all members of this House, and particularly of those in whom special responsibility is rested. The whole history of the Lausanne negotiations, their consummation and the subsequent correspondence, has involved, unfortunately, some misunderstanding, if not friction, between the government of this country and that of the United Kingdom. That there should be any misunderstanding of our respective positions is always regrettable; that it should be unnecessarily incurred is still more regrettable, and in this case both these facts are true, both these conditions are present. I do not think that in the history of many decades an occasion can be found where there has been any misunderstanding at all, much less anything in the nature of friction. The relations have been harmonious in every way. There has never been disputing as to the real position of our Dominion, or the real position of Great Britain as respects this Dominion of Canada. Why it has occurred it is for hon. members to judge and to come to their conclusions from the wording of the various communications which have passed between the governments.

The Prime Minister some weeks ago laid before the House a resumé of what might be called the official correspondence on the subject. I have no fault to find with that resumé It was faithful to the actual letters. There were, however, other communications which did pass, and which have never yet been made public, but to which reference has been made to-day by the leader of the government. I am free to say that those communications were, as stated by the Prime Minister, laid before me. I had an opportunity to read them. I have no right to disclose their contents. My limitations in that regard are exactly the same as the Prime Minister's limitations. I do not think the Prime Minister was within his right in the references he made to these communications to-day.

May I refer for a moment to the letter which passed, disclosing the reasons why, as he expresses it, we were not invited to the negotiations? I only add this to what the Prime Minister said: That the reason given was not a new one. It was a reason which had been advanced in previous negotiations. It was a reason that had anteceded even the Paris conference. It was an obstacle which then was met and surmounted, but which in my judgment could have been more easily surmounted on this occasion. The Prime Minister complains that in respect of this whole discussion he has been under a severe handicap because he made certain statements and took certain positions at the Imperial conference and dispatched certain letters which he is not now free to give to the public, and he intimates indeed what those statements were and what the communication was which he dispatched. Unless this parliament has a right to see them, this parliament has not a right to hear them indirectly; if they are still surrounded with any secrecy, let them remain so surrounded.

Mr. MACKENZIE KING: I referred to no communication dispatched. I stated in reference to the Imperial conference that the understanding there was that every member present was to have full liberty to state to his own parliament the position he took with reference to any important question which came up. I have exercised that liberty and nothing more.

Mr. MEIGHEN: The reference was to some communication which he dispatched comparatively recently. He has forgotten it

for the moment. As to what took place at the Imperial conference, I commence with this affimation: The Prime Minister had no right to leave that conference or the records of it in such a position that his stand in any way could be misstated or misconstrued by the public of Canada.

Mr. MACKENZIE KING: I claim I have not done so. The records show the position.

Mr. MEIGHEN: I mean the records that can be made public. He had a right to state what should be made public and what should not. It was his duty to see that such material was contained in the correspondence to be made public, in the booklet of the proceedings of the conference to be made public, as fully and clearly to set out his position in that regard. If he failed in doing that he failed in his duty to the Dominion. He said there was an understanding—I have not read it and I do not recall it—that any Prime Minister could make clear to his parliament what his position was. If such a statement is contained in the records, clearly it would mean that he could make clear to his parliament information in so far as revealed in the public records of the conference. It could not possibly be that he could invade the secret records of the conference and thereby add any factor to the presentation of his case, or that he could invade that upon which the conference had put the seal of secrecy, provided he were in the confines of his own parliament.

Mr. MACKENZIE KING: Does my hon. friend mean to say that if a representative of the country should take a position at the conference, and that position is questioned, he has no right to refer to the stand he took and explain his position?

Mr. MEIGHEN: Not if he agrees that it should be secret.

Mr. MACKENZIE KING: I never agreed.

Mr. MEIGHEN: Then my hon. friend should have insisted upon it being public in the records of the conference for what is published is published with the concurrence of all.

Mr. MACKENZIE KING: With the understanding I have mentioned.

Mr. MEIGHEN: That would mean that the whole veil of secrecy could be lifted, at the behest of any one, and the whole record of the conference shows the contrary. I pass from that. I do not know that the Prime Minister really did anything of importance that was not revealed. It is shown that at the conference he stated his views with regard to representation at the negotiation of the treaty of Lausanne in much the same language as he stated previously, in the correspondence now on the Table. But this gets us no further. It does not show that he was frank with the British government, and I do not think the whole correspondence shows he was frank.

Mr. MACKENZIE KING: If a British minister who was present at the conference said that anything was stated on my part to indicate that Canada held a different view to what I am presenting here, is my hon. friend prepared to give him that privilege and deny me the right to state anything to the contrary?

Mr. MEIGHEN: I had not observed that any British minister had stated anything inconsistent with the public records of the conference.

Mr. MACKENZIE KING: I have Lord Curzon's remarks, which I read to the House, which state that there was no objection raised.

Mr. MEIGHEN: To what?

Mr. MACKENZIE KING: To the matter of his having represented the Dominion. The point was not questioned.

Mr. MEIGHEN: I do not know that he would be very far wrong there. I want first to discuss the question of the treaty and the policy therein disclosed. The Prime Minister has virtually made no reference to the treaty, though he says we are bound by it, a statement which heretofore I have not seen attributed to him or to the government of which he is the head. If we are bound by the treaty we are interested in its terms, whether we ratify it or not. Its terms vitally affect us. Anything we are bound by vitally affects our Dominion, particularly if it concerns the issues of peace or war. As an introduction to what I have to say as respects the treaty itself, let me agree—if I understood my hon. friend correctly—with the aspirations of the Prime Minister as respects our position within the British Empire. I think he expressed what is a common attitude of mind of the entire Canadian people. I think he reflected what is really in the hearts of the Canadian nation, namely that we should pursue our destiny within the circumference of the Empire, as a self-governing Do-

minion, and that in doing so we should seek honourably to discharge our part by an honourable co-operation with the other dominions and the motherland. This position Canada takes well knowing all that is involved therein. We take it first of all because it is in harmony with the traditions of our country, and with the heart's desire of our people. We take it secondlly because we believe it is for the good of the world that this destiny should be ours. We believe it makes for world peace, that the British commonwealth of nations should hold together, and should exert their united force towards such world policies as make for the peace of all; and we take it thirdly because we feel that along these lines Canada's ultimate ends are best served and Canada will gain at the present time as well as ultimately more than she can in any other way, that the burdens of nationhood will be lighter, and the rewards of nationhood will be greater than they can be by any other course we can pursue.

The alternatives the Prime Minister has suggested are the only alternatives, nor is there very much difference between them. If we swing into independence, we are really in the orbit of the great republic and subject to the will of that republic, to a far greater degree than, perhaps, at the moment we care to contemplate. Let us then take it for granted that from all standpoints we want to stand within the orbit of the British Empire and to comply with those requirements involved in that relationship. If this is to be our position and our future, there are two pillars upon which the future can be erected. We must first of all insist, as we have always done, the insistence year by year becoming less necessary, on the full exercise of our full governing powers, on the most complete autonomy for this Dominion as respects matters which concern ourselves. We have never been slow in following this requirement. Parenthetically may I add, that never was there a time when anything in the nature of abbreviation or subtraction from those full autonomous powers was less in the minds of the people of the British Isles.

There is another corner stone, though, upon which this future must be built. This is the one referred to by the Prime Minister himself. There must necessarily be co-operation, and a cordial co-operation, for the common purposes of empire between all the parts thereof. We cannot build a future on the basis of autonomy alone. It is impracticable; it is not possible and, further, it does not savour of honour. We must necessarily adopt the principle of co-operation. We must seek, by pooling our judgment, by review of facts and by common outlook upon the future, to gain common ground with the other Dominions and Great Britain as to what should be our general course in respect of foreign policy and of matters of common concern. We must approach this necessarily in a spirit of friendship and of confidence, we cannot approach it in a spirit of suspicion, distrust; if we do, we can never succeed. I do not think we have any reason for lack of confidence; I believe the past and particularly the recent past afford us every ground for the fullest and most ample mutual trust.

Assuming that these two are basic requirements, let me ask first of all: Have they been lived up to? Have we been true to them in relation to the Lausanne negotiations? Is this correspondence permeated by a spirit of co-operation, or is there not rather emerging out of every letter, the spirit which says: "Go on, do what you like; if you get into trouble, we will decide then what our course shall be?" We not only willingly, but apparently gladly stepped aside and let the British plenipotentiaries, or as the Prime Minister chooses to describe them to-day the representatives, of Great Britain take what line they liked. We received day by day communications informing us of all that was going on. We laid them to one side. We offered no presentation of view at all; we offered no assistance; we contributed not the least to directing the policy of the Empire upon lines that we considered honourable and safe. We simply stood aside and said: "Go on at your own risk; if you run into the marshes, you are there, we are not; if you run into fire, you are there, we are not; we are not involved in any degree." Is that a spirit of co-operation? As a consequence, where are we now? We have a treaty that is binding upon us; we have a treaty that is equally binding on every part of this Empire,—in the words of Mr. Keith, whom the Prime Minister quoted, in the negotiation of which treaty we have not had a single word to say, in the terms of which we have never had the least voice or breath. All of those obligations binding upon us, as the Prime Minister now admits, are framed aside from us and we have never ventured even to express our views.

The Prime Minister's speech is quite consistent with the theory that he does not think the terms of this treaty are of any importance to us at all, because those terms he has not even deigned to discuss. As I speak of these terms, I do so with the full sense of the reponsibility and full appreciation of the fact that one must tread ground of this kind ex-

ceedingly warily, because one necessarily is not in immediate and direct possession of all those facts and surrounding circumstances that give certainty to judgment; but subject to that consideration, I say that the policy involved in the treaty itself and especially in the Straits convention is, I think, a mistake and a policy from which it was the duty of this government to endeavour to avert the British plenipotentiaries. It was the duty of this government to see to it that they adopted such means of communication and internegotiation as were clearly open to them to present the viewpoint of Canada.

Mr. LAPOINTE: Does the right hon. gentleman think that Canada should signify its disapproval of the treaty?

Mr. MEIGHEN: No, I do not; I do not think we are in position now to do so. But the reason we are not in such a position is the fault of my right hon. friend, (Mr. Mackenzie King). What we should have done is this—we ought to have sought, as we did at the conference of 1921, to avert the British government from a line which affected interests peculiar to Canada and directing it along a line which more suited Great Britain as a world Empire.

Mr. MACKENZIE KING: The treaty is not yet ratified. My right hon. friend has plenty of time.

Mr. MEIGHEN: I have told my right hon. friend that we are not in a position to complain of the treaty now, and the reason that we are not in such a position is the fault of himself. The reason the treaty is as it is, in some degree at least, is the fault of himself.

Mr. WOODSWORTH: In what respect, may I ask?

Mr. MEIGHEN: I am just coming to that. I do not think, generally, Great Britain is well advised to pursue a policy of European commitments; Great Britain is not distinctly a European country—and there, unconsciously, I refer to Great Britain, as a "country", meaning the whole Empire, just as those authorities do to whom the Prime Minister referred. Often in speaking of this Empire as distinct from another country, we refer to it as "this country." We do that in Canada and they do it in Great Britain. I do not think the British Empire pursues a wise course in launching upon European commitments, and I think this statement is all the more supportable to-day, more so than it would have been two, three or more years ago. Great Britain, as I was saying, is not distinctly a European country. It is true she is within the orbit of Europe; but Great Britain is a world Empire, She bestrides the seven seas of the globe. At all points of her vast domain she has interests sensitive and peculiar, interests that may be involved sooner or later in commitments which she is making quite unconsciously and in good faith and which appear to affect the Empire only in Europe.

Mr. PUTNAM: What does the hon. member mean by the word "unconsciously" in this connection?

Mr. MEIGHEN: I mean unconsciously in this sense that, without the viewpoint of the outer dominions being presented, she is not aware how they are particularly affected by these commitments; she does not see the objections to these commitments as clearly as the dominions naturally would. Can I illustrate the point better than by referring to the negotiations of some two and a half years ago on the subject of the Anglo-Japanese alliance? The natural, indeed the primary, attitude of the British government was most decidedly in favour of a renewal of the alliance. The public correspondence and the proceedings clearly disclose this fact. And British policy was so directed, wholly in good faith, wholly in the belief that thereby Great Britain could best serve the interests of the Empire as a whole. This Dominion took a different view, and did so, certainly not because of any superior experience, nor because of any superior mentality on the part of its representatives; it was merely because we, living here in the western hemisphere, saw more clearly and intimately certain dangers that would ensue from such a policy. We understood better the great republic to the south and its attitude of mind towards the alliance; we understood why it looked askance at that alliance; we better understood their point of view than could any other portion of the Empire without our assistance. Therefore Canada presented her viewpoint and insisted upon it; and her viewpoint so impressed itself on the British representatives and the representatives of the other dominions that the whole line of policy was diverted; and what would have been in my judgment a dangerous line was abandoned in favour of one leading more certainly to peace. I refer to this matter only by way of illustration. I believe that in order that Great Britain's position as a world power may be appreciated, and that she may most wisely determine her general lines of policy,

the dominions of the Empire owe it to her to present their viewpoints on all subjects that concern the issues of peace and war.

A treaty is now binding on us or will be shortly—I fancy it is now binding on us—under which Great Britain enters into certain special engagements as respects the demilitarized zone of the Straits, certain special engagements which may involve her in conflict with great nations to the East and possibly indeed with great nations further away. Those engagements she has entered into for a purpose which to her mind is thoroughly justifiable, because I have not the least doubt she believes they are the lesser price, by paying which she better avoids conflict than by adopting any other course. But having regard to her responsibilities the world over, and having regard to our peculiar position and the position of the dominions as a whole,—having regard, in a word, to the fact that Great Britain is not nearly so much a European nation as a world power, the course she has pursued is in my judgment not wise.

In venturing these opinions I said that I wanted to do so cautiously and subject to reservation, all the circumstances not being before me. But those circumstances should have been before this government; this government should have made itself aware of the whole environment, the whole of the relative facts, and should have been in a position to advise the British government aright. I make these statements also in full appreciation of the tremendous achievements of the British plenipotentiaries at Lausanne. I have some knowledge of the difficulties which surrounded them; I know that they were pressed and torn by all sorts of conflicting forces; I know that they confronted a Turkey drunk with the wine of military success, a wholly different Turkey from that which faced Britain at Sèvres. I know that Lord Curzon and Sir John Rumbold had around them about as mountainous and insuperable obstacles as ever surrounded plenipotentiaries in any negotiations. And if it had been essential to secure the main purposes of the treaty, possibly it would have been wise then to have made these special European commitments. But looking at the matter from this distance it would appear to me that these commitments were not the price of other things of greater value obtained, other securities for peace which were deemed essential. If they were, then I would say, very well; we will have to stand by them. They looked rather to be something which were peculiarly the objective of Great Britain. I am inclined to believe that this was something which could have been surrendered without affecting substantially the greater objects of the treaty itself. I say therefore that it was our business to have taken the very best means which it was within our power to adopt to make known the viewpoint of this Dominion in this respect. We should have taken every means of seeking to divert British policy from any course which we felt, having regard to our peculiar circumstances, might lead to danger.

Mr. LAPOINTE: For purposes of information, will my right hon. friend say what means should have been adopted?

Mr. MEIGHEN: There were a good many means, but this government's state of mind was to keep outside of all means, to keep outside of the circle. It was not the intention of the government to sit in with our other negotiators and representatives, not to make known even to those who finally were decided on as Empire representatives the attitude of Canada towards any feature of the treaty at all.

Mr. WOODSWORTH: Will the leader of the opposition suggest that the government should not have acceded to the request of the British government and should have declined to send any special representative?

Mr. MEIGHEN: I will come to that in a moment; but for the present I say emphatically in reply to the hon. member, no.

Mr. MacLEAN (Prince): What attitude did the other dominions take, if Canada took none?

Mr. MEIGHEN: The matter has been so handled that we know nothing about it. But Canada is the leading dominion. Canada takes the lead in these matters; she did so at Versailles in all the negotiations leading up to the treaty.

Mr. SPEAKMAN: Had Canada made such representations to Great Britain as would substantially have altered the terms of the treaty, had they been acceded to, and had those representations not been accepted by the British plenipotentiaries, would Canada still be bound by the terms of the treaty?

Mr. MEIGHEN: Just as she is bound today. Let us understand once for all that while we are within the Empire we must be bound by the terms of high political treaties. There is no way in the world of avoiding it; and the consequences of trying to avoid it would be far worse for us than the consequences of cheerfully assuming it. I thought it was established, and established at great price, that Canada has gained the right—a

right now cheerfully conceded for years—to have a say in all these negotiations, and to have some word in the direction of the policy under which the British Empire seeks to secure herself and to attain world peace.

The first we hear of these negotiations is by the letter dated October 27, 1922. That letter extended no invitation to Canada to send representatives to Lausanne; it merely stated that invitations had gone out the day before at the instance of Great Britain, Italy and France, to certain powers asking them to Lausanne to negotiate the terms of a treaty to end the war with Turkey, and to certain other powers asking them to Lausanne in respect to certain less distinctly important relationships—I refer to the United States and to Russia. Now, the Prime Minister seems to think that if it was intended that we should have anything to say in regard to the treaty there should have been an invitation to Canada right then to have separate representation at Lausanne—that those three powers should have sent out invitations to us. And because they did not he said in effect: "All right, you go ahead; we are outside now watching, we have nothing to say, but if you make a mistake beware of the consequences so far as Canada is concerned.

Mr. MACKENZIE KING: I do not think my right hon. friend is quite accurately stating the matter. Before any invitations were sent by any one part of the British Empire in conjunction with other countries, I think that the dominions should have been consulted and asked whether they wished to be associated with the invitations.

Mr. MEIGHEN: I do not know what occurred before, consequently I am not making any criticism of what happened prior to the letter of October 27. What I say is that Canada has never been invited to negotiations of this kind. Canada was not invited to Paris by the inviting powers; France sent the invitations to the various powers. Canada was not invited to Washington by the inviting powers; those invitations were sent by the President of the United States to Great Britain and to the other powers.

An hon. MEMBER: What about the Genoa conference?

Mr. MEIGHEN: I know what my hon. friend has in his mind, but it does not appertain to treaty-making at all. Canada nevertheless was separately represented at Paris and at Washington; Canada was separately represented on the British delegation which represented the entire Empire there. Consequently the time for Canada to have spoken was when this notification came from Great Britain advising us that these invitations had gone forth. True, Great Britain suggested—and I do not defend the suggestion, I think it was in error, a very natural error which has been made many a time before—Great Britain suggested that we should be content with the personnel of the British representation. That was the meaning of the suggestion contained in the letter of October 27.

Mr. MACKENZIE KING: It was not.

Mr. MEIGHEN: It was not?

Mr. MACKENZIE KING: There was no suggestion at all. There was a positive statement as to the reasons why we could not be invited. My right hon. friend knows that.

Mr. MEIGHEN: That is in the other letter. There were reasons given there why there should be only two plenipotentiaries and why Canada should not have distinct representation—reasons which I cannot divulge, and which the Prime Minister has not divulged, but reasons which were given before and which were surmounted before. But what should have been the reply of the Canadian government when the communication of October 27 came? The reply should have been: It is for us to say whether we are interested in this treaty or not; we were interested in the war which makes the treaty a necessity, and we are interested in the conditions now which are to tell for peace or war in the days to come; we have just as much interest in peace as we had in war. But, if we could not be at the conference table—what reason was there why we could not have been in closest touch with the British representatives from the beginning? What reason was there why we should not have been there to advise the British representatives of the view point of Canada? We knew right well that whatever those British representatives did they did as representatives of this Empire. Does the Prime Minister mean to say that they did not sign that treaty as representatives of the Empire? They certainly did.

Mr. MACKENZIE KING: They signed as representatives of Great Britain.

Mr. MEIGHEN: I have the treaty. It is not made between Great Britain and all these other countries, it is made between "The British Empire" and all these other countries. I do not know that anything more is necessary to make clear not only that we are bound, but that the signatures appearing there are signatures representing the Empire,

which is a party to the treaty. Not only is the treaty of Peace so made, but all of those which might be called the subsidiary treaties contained in the blue book which embraces the treaty, are made between "The British Empire" and the other countries, and the signatures there are necessarily on behalf of the country which is stated in the whole preamble and headline of the treaty and in its contractual part to be the country that is negotiating and signing. So, this government knew—that the men who signed the treaty were signing it on behalf of the Empire. The government knows and admits, that it binds the Dominion of Canada and every other part of the Empire.

Mr. EULER: The word "bind" has been used very frequently in the course of this debate. May I ask the right hon. gentleman to define just exactly what that means? For example, would it mean that the treaty binds Canada to enter into war without the consent of this parliament?

Mr. MEIGHEN: It binds us just as it binds Great Britain. The treaty does bind the whole of the British Empire to preserve that demilitarized zone. I would much prefer that it did not, and I do not believe it ever would have bound us if the will of Canada had been properly represented and pressed; but it does bind us to do that, and it binds us to take the consequences that may follow such action.

Mr. McMASTER: Suppose Canada had gone to this conference and made her views emphatic, but that those views had not been accepted, what would the hon. member say as to our responsibility in that event?

Mr. MEIGHEN: Canada might have secured this result—I do not know that it would have been any very great achievement—we might have had a clause inserted, which frequently was inserted in treaties before, that it did not bind any dominion unless that dominion expressly ratified it.

Mr. McMASTER: Is not that the position now?

Mr. MEIGHEN: Not one whit. It binds us just the same as every treaty in the days of our colonial history bound us. That is the position which this government has led us into, precisely the position we were in thirty years ago, when we were bound by every treaty although we had no say in it at all. The whole achievement of the administration is to take the lead not in progress but in retrogression, to lead us back exactly where we were in our colonial days.

Mr. SHAW: The right hon. gentleman stated, and quite correctly, that the treaty is between the British government and the other contracting powers. But I should like to draw his attention to article 18 providing for eventualities in case the demilitarized zone is imperilled, where he will notice that the special reference is to Great Britain alone. Has my right hon. friend considered the question as to whether Canada is bound there?

Mr. MEIGHEN: I had not observed that, but I accept the statement of the Prime Minister, which in this respect is right: we are bound, in the words of Mr. Keith, in international law just the same as the rest of the Empire, and the same as Great Britain herself. I do not think the wording there would make any difference, for the reason that the treaty itself is between those contracting powers.

Mr. LAPOINTE: The words my right hon. friend mentions are in a separate convention known as the Straits convention.

Mr. MEIGHEN: Yes, I know that, but the separate Straits convention is also made between the British Empire and the other contracting powers; consequently the British Empire is bound, just as the binding is accepted by the government this afternoon.

Mr. EULER: May I ask another question? Would the treaty be binding had it not been ratified by the parliament of Great Britain?

Mr. MEIGHEN: There is a sense in which a treaty is binding before ratification, but the formal ratification must take effect before there is a final binding; that is true.

Mr. EULER: The point I want to make is this: if it is not binding until it is ratified by the parliament of Great Britain, then if we are co-equal with great Britain it is not binding upon Canada until it is ratified by the parliament of Canada.

Mr. MEIGHEN: Yes, but this government has acquiesced in a condition of affairs under which we are not co-equal at all. They have acquiesced, apparently cheerfully, in the old colonial situation. They have said: "We are quite content; you go ahead; you make a treaty in the name of the Empire. True, that binds us, they now admit but we are prepared to allow that to go on and have no say at all." Such was the manly attitude adopted

by this administration in the name of Canada! Now, am I not right? I appeal to the clear mind of the hon. member for North Waterloo (Mr. Euler): I do not think he can take the least exception to my statement.

Mr. LAPOINTE: Yes he can.

Mr. MEIGHEN: Well, he is more likely to be master of his own mind than the Minister of Justice (Mr. Lapointe) would be.

Mr. LAPOINTE: My right hon. friend knows that the power of ratification is in the king, not in the parliament either of Great Britain or of Canada. The parliament of Great Britain did not ratify the treaty, does not ratify it. Parliament merely approves of the ratification.

Mr. MEIGHEN: Very good; that is not the point at all.

Mr. LAPOINTE: It is the point.

Mr. MEIGHEN: Not at all. I was not on anything having the least relationship to that point. It is true that the act of ratification is the act of the high contracting power, His Majesty. The moving of His Majesty to act is by the government, and the government before moving gets the approval of parliament. But all this has nothing to do with the point. The point is this, that we are bound to-day by the terms of a treaty in the negotiation of which, in the final terms of which, we have not had the slightest say. Now, what is our improvement over the position we were in long ago? I had not thought that all the advance made in these years was an advance for nothing. I thought it was an advance, first of all, in elevating the dignity of our Dominion; in putting us in a more consistent and self-respecting position; in providing that as we could not by any means escape responsibility in the event of a war, we should have something to say as to the direction of policy, as to whether that direction should lead to war or to peace. This is the advance that we achieved all through these years, but it has been thrown overboard by the present government and we are back now to thirty or forty years ago; we are back to the position we were in before we were a confederation. There is not a member of the government who can distinguish between our relationship at this hour to this treaty and the relationship which would have existed before we were even a confederation.

How is it that we had to wait until this afternoon for even an admission from a member of the government that we were bound by any term of the treaty at all? We were led to believe by the Prime Minister's speech of April 2nd that we were not bound by any part of the treaty. I appeal to hon. members behind the government: Did they not come this afternoon, having listened to the Prime Minister on the second of April last, in the belief that we were bound by no part of the treaty or at least in the belief that such was the position of the government? What the Prime Minister said on the second of April was that the treaty did not impose any obligations on Canada. Now we are asked to draw a distinction between the imposing of obligations and the binding. Is there a distinction? The Prime Minister seeks to draw this distinction; when you bind a country you only do it legally, but when you impose an obligation you put a moral obligation into it. If I got the Prime Minister's conclusion—I had almost said, argument, but there was no argument; on this point there was none—what the Prime Minister sought to say was this: We are bound now by the treaty, but we are not bound in the event of war to do anything. We are able to do something if we like, depending on what we consider our moral obligation to be. Because we stood outside and allowed British policy to proceed in matters concerning us, in matters concerning the very issues of peace and war; because we stood outside, now we are free in the event of war resulting not to do anything if we choose, or to take such part as we like. I wonder when we were not so free? I wonder when the time ever was that hon. members of the government at least did not insist day in and day out that we were absolutely free? We are free; we are absolutely free to-day, Our decision depends only on our sense of obligation as to what we should do should war come about as a result of any treaty. Will the Minister of Justice say we are not free?

Mr. LAPOINTE: It is the first good word my right hon. friend has pronounced this afternoon.

Mr. MEIGHEN: Well, I pronounced it many a time before—never pronounced anything to the contrary. It wholly depends, whether we sign or whether we do not, upon our sense of the moral obligation involved, upon our appreciation of what our duty is and what our interest is; and we are the judges in all events both of our duty and of our interest. This supposed achievement is nothing on earth; we are not one whit ahead, so far as our freedom is concerned, of where we were before. There is this difference—I concede it freely—when we sign a treaty we then express our approval and we are not in a position

subsequently to complain of its terms. We express our belief that they are the best terms we can get, the best line of policy under all the circumstances that we can agree upon. This follows from signature, and nothing else on earth follows from signature. We always decide whether we enter a war by our measurement of our obligation and by our measurement and appreciation of our duty. But no matter what we may think of the terms of a treaty, if the peril is great enough, a peril which if it involves Britain involves ourselves, then in our own interest, no matter what other considerations may surround us, we would participate. We are guided by the location of the conflict. We are guided by what is to be guarded thereby. We are guided by what other parts are able to do in the circumstances. We believe that within the realm of empire we avoid far more perils than we encounter. We believe that by co-operation with them and helping to direct their course we are more likely to make for world peace; that is why we stay within the Empire. We believe the burdens are lighter and the rewards are greater. But the obligations upon us are moral in all events. The obligation is an obligation decided by our own sense of moral responsibility and of our interest. So this government, for the sake of a mere shadow, has permitted misunderstanding and friction to arise. This government, for the sake of a mere shadow, has abandoned all that we have achieved over ten rather weary and bloody years.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MEIGHEN: In opening what I said this afternoon, in my comment on the merits of the treaty itself, I regretted that it included certain commitments in the way of certain guarantees applicable to European territory which I feared might ultimately emerge as dangerous. May I make a little further comment on that subject to avoid misunderstanding?

I gave the general reasons which applied against such a general course of policy, namely, those reasons which had particular application to Britain as a world Empire rather than as a European power. It may be in the mind of some that these commitments are not new, that they have been made in the past, and indeed certain appeared in the peace treaties proper themselves. There were certain such commitments in the treaty of Versailles, not many; there was one commitment in the treaty of Sevres of which this parliament and the Empire generally approved, a commitment of very great consequence, a commitment which preserved the neutrality of the same Straits. It was not the same as the present engagement. It at that time was essential, and if I could be persuaded that the present one was essential as a security for peace, I would express no word against it, but I want to call the attention of the committee to a very substantial difference between the circumstances which prevailed at the time of the treaty of Lausanne, and the circumstances which surrounded the plenipotentiaries at the treaty of Sevres. At Versailles, at Sevres, the whole lines of policy were agreed on early in the proceedings. The general limitations in respect of this feature and that, reparations, military engagements, the labour treaties, all in various compartments, and the lines of policy as to each were determined upon and agreed upon, and—and this is the point—they were all laid down upon the great basic assumption that the future of the world's peace was to rest on the secure foundation af a League of Nations of world-embracing scope. This at least was the fond aspiration of the British people. Consequently, the same care need not have been taken against any special European engagements, for the reason that if the hope of the British people and of the treating powers of that time were realized, then the sanction of a world-embracing league would be behind. However, in this hope, in this dream, we have been doomed to very severe disappointment.

We have a League of Nations, it is true. That League I do not disparage. That League I am anxious to support, and I hope that Canada will continue in its support, but it is not the League of Nations that we first believed it would be. Outside its scope now are three great powers, three powers of the first magnitude. I do not need to mention two, but I do mention the United States of America. While the United States of America stands outside, outside the League and outside all the sanctions that the League implies, any special commitment of this Empire has a different meaning altogether. Then it is much more incumbent upon us to see that we do not attach ourselves to any particular group at all, and do not bind ourselves to engagements in Europe which afterwards may lead us to this side or to that wholly independently of what the immediate circumstances of the time may be. This feature I will not dwell on further now; nor

have I anything very special to add to what I stated this afternoon.

The intervening time, though, has only added to my bewilderment as to what may have been in the back of the head of this government from beginning to end of this negotiation. I was astonished this afternoon to hear from the Prime Minister, although I was glad, because it removes one subject of controversy which would doubtless be very, very embarrassing in days to come—I was astonished to hear from him this afternoon that the government regards Canada as bound by the provisions of the treaty; Looking over the correspondence I am all the more astonished. Can it be believed that Canada was in this mind at the time this correspondence was indited? Surely the government was of a different mind altogether then. The correspondence is wholly inconsistent with the stand the government takes now, and the government's position now in this respect is right.

Mr. MACKENZIE KING: It never changed.

Mr. MEIGHEN: I know the Prime Minister will have to say that.

Mr. MACKENZIE KING: It is true.

Mr. MEIGHEN: But certainly the British people could not understand it on that hypothesis; not only the British government and the British Prime Minister, and the leaders of the other parties, could not understand it on that hypothesis, but newspaper after newspaper could not; none of them could, and nobody in this country could.

Mr. MACKENZIE KING: They all attributed motives to us we never suggested.

Mr. MEIGHEN: It has been the puzzle of commentators ever since. Let me read what the Prime Minister said in this House and see if it is consistent with the theory he now advances that we are bound by the provisions of the treaty. I will read the whole of the last paragraph of his speech on the 2nd of April, because I think this new decision has been born since the 2nd of April. It is of very recent birth. He says:

> We take the position that, not having been invited to the Lausanne conference, not having been represented there, not having, for the reasons that I have mentioned, signed the treaty, the treaty does not impose obligations on Canada.

Mr. MACKENZIE KING: Hear, hear.

Mr. MEIGHEN: The Prime Minister stated this afternoon that it did impose obligations on Canada. I know the distinction he is drawing now. He says that its provisions bind us, but in the event of trouble arising out of them later, then the obligation to execute or to protect the treaty is different. Is that not what he says now? If it is not, he does not say anything now.

Mr. MACKENZIE KING: If my hon. friend will look at the dispatch of December 8, 1922, he will find the British government said:

> Any treaty resulting from the Lausanne conference will of course replace the treaty of Sevres, and until it comes into force a state of war between the British Empire and Turkey will technically continue. Treaty must therefore be binding on the whole Empire when ratified.

We have never raised a question on that point. We have never taken the slightest exception to it. We recognize the legal obligation.

Mr. MEIGHEN: The Prime Minister did not repudiate it and say, "We do not agree with you," but repeatedly in the correspondence he says, "The extent to which Canada must be bound by this treaty must be determined by the parliament of Canada."

Mr. MACKENZIE KING: Hear, hear.

Mr. MEIGHEN: And now he says we are wholly bound. How can the extent be determined by us if we are wholly bound?

Mr. MACKENZIE KING: I think I made a distinction there. There is a difference between the position of the British Empire in its relations to Turkey and other countries in the effect of this treaty upon them in bringing about a relation of peace, and the obligations that may arise within the Empire itself having regard to the manner in which the treaty has been negotiated.

Mr. MEIGHEN: Obligations as to what?

Mr. MACKENZIE KING: As to the provisions of the treaty with respect to obligations and otherwise.

Mr. MEIGHEN: Does the Prime Minister say we are not bound by the obligation of the Straits convention?

Mr. MACKENZIE KING: I say this parliament will determine just how far it will recognize any obligations in the matter of the Straits convention, if it comes to a question as to which part of the Empire will see that these obligations are enforced.

Mr. MEIGHEN: That is precisely the interpretation I put upon the Prime Minister's conduct. I am not seeking to misstate his

case, I am seeking to state it properly. I have understood that the Prime Minister and the government took the ground that we were not bound by the obligations of the treaty. Now it is clear his position is this: In so far as the treaty is concerned, the whole Empire is bound. In international law we are all bound alike. But when it comes to a later time, when the necessity arises, if it should arise, of protecting the treaty against violation, or maintaining the securities which the treaty establishes then what we will do depends on the parliament of Canada. As to the latter, I have not the slightest doubt that what we will do will depend on the parliament of Canada, and it would equally depend on the parliament of Canada, even though we were represented in the negotiation and finally ratified.

But does anybody imagine that this was in the mind of the Prime Minister and the government at the time all the correspondence took place. Read into that correspondence any reference to such a distinction as this. Did the Prime Minister, in reply to the invitation of October 27, 1922, say to the government of Great Britain, "You have told us you are going to negotiate a treaty, and who the representatives are going to be. You have stated to us that when the ultimate time comes, if we succeed in getting a treaty for signature, we will ask you to sign, and you have also stated that you will ask us to ratify." Did the Prime Minister add "No, we are not of the treaty, we are not of the negotiations. We will be bound by its provisions, as long as nothing arises out of it, but if trouble ever arises, if ever the necessity to protect the treaty arises, then the extent to which we will participate, if at all, must be decided by the parliament of Canada"?

Mr. MACKENZIE KING: My hon. friend will find in the very first dispatch that it is stated in these words:

> We deem it advisable to avail ourselves of the earliest opportunity to inform His Majesty's government that in our opinion the extent to which Canada may be held to be bound by the proceedings of the conference or by the provisions of any treaty or other instrument arising out of the same is necessarily a matter for the parliament of Canada to decide, and that the rights and powers of our parliament in these particulars must not be held to be affected by implication or otherwise in virtue of the information with which our government may be supplied.

Mr. MEIGHEN: That is what is stated and that is precisely what he has not been stating this afternoon.

Mr. MACKENZIE KING: That is precisely what I said.

Mr. MEIGHEN: No. Will the Prime Minister permit me to proceed? This afternoon he said, "We are bound by the treaty only in event of it being necessary to take positive action to carry it out". Does the right of the parliament of Canada intervene? I wait for those who smile to answer me. Is that not precisely what he said? Is that consistent with this statement I have read?

Mr. MACKENZIE KING: Absolutely.

Mr. MEIGHEN: My hon. friend was not frank with the British government.

Mr. MACKENZIE KING: I take exception to my hon. friend's words. I have in my hand a communication sent by this government to the British government, saying we availed ourselves of the earliest opportunity of stating that we would recognize no obligations under any treaty that might be effected otherwise than what this parliament decided. My hon. friend has no right to put contrary words into my mouth.

Mr. MEIGHEN: I have not done so. Does the hon. member for Brome (Mr. McMaster) think I have put contrary words into his mouth? If not, why does he applaud? I have not put a single contrary word into his mouth, and the Prime Minister knows it. He says in this first telegram:

> The extent to which Canada may be held to be bound by the proceedings of the conference or by the provisions of any treaty or other instrument arising out of the same is necessarily a matter for the parliament of Canada to decide.

I know he said that. That is wholly different from saying that when the treaty is made we know that as part of the Empire we will be bound by it, but, we warn you that later if it is necessary to protect the treaty the extent to which we will participate, if at all, must be decided by the parliament of Canada. Now I do not need to appeal to intelligent men to see the very great, wide and vast distinction. The British government would have understood that. Does the Prime Minister suggest that in the telegram of the 25th of November which followed, he only had it in mind to warn the British government that though we would be bound by the treaty and its terms until the time came to enforce it, or the time came to take care of a danger that arose out of it, we would not be so bound to act until the parliament of Canada decided that we should.

Mr. McMASTER: Is not that pretty clearly set out in the telegram of the 31st of October?

Mr. MEIGHEN: Not at all. I am speaking as well of the telegram of the 25th of November. He uses this language:

> Our government has not expressed a desire to have any treaty with Turkey which may result from the conference, submitted to the Canadian parliament for approval, before His Majesty is advised to ratify it. Nor do we wish to be understood as preferred any such request. My message was intended to make clear that we had no exception to take to Canada not being invited to be represented at the conference, but inasmuch as we had been informed that we would be invited to sign a new treaty and any separate instrument regulating the status of the Straits, we wished to make it perfectly clear that in our opinion the extent to which Canada may be held to be bound by the proceedings of the conference or by the provisions of any treaty or other instrument arising out of the same, was necessarily a matter for the parliament of Canada to decide.

So far that is precisely what he had said before. But this statement and what he says to-day differ. What he says to-day is a full statement of the position, and what he said before is not, and for this reason I read what follows:

> We deem it of the utmost importance that there should be no misunderstanding as to our position with respect to Canada's obligations in this and kindred matters. In our opinion parliament will desire, as respects the treaty with Turkey and any other instruments arising out of the Lausanne conference, to reserve to itself the right to decide upon the merits of the case what action on the part of the government is right and proper. In this connection we shall be pleased to have authority to place before parliament all the information with which we may be from time to time supplied.

Mr. MACKENZIE KING: We did not get any of it and they would not give us any.

Mr. MEIGHEN: Any information?

Mr. MACKENZIE KING: No.

Mr. MEIGHEN: As to the negotiations?

Mr. MACKENZIE KING: May I draw my right hon. friend's attention to the concluding remarks of the telegram in reply:

> I do not think that it would be possible to publish any of the telegrams now being sent to you concerning the proceedings at Lausanne seeing that they often contain records of confidential interviews and impressions and other material intended only for private information.

Mr. MEIGHEN: I am aware of that. The British government did not consent that this information should go to parliament. I agree with that, but information was sent to the Canadian government. My point is this: The Prime Minister here asks the British government, in order that parliament might be in a position to decide how far we might be bound by this treaty, for permission to lay before parliament the information which the British government had undertaken to supply. What in the world would parliament want with the information except to enable parliament to decide what to do about the treaty? What was in the mind of the signer of that communication is as clear as day. The Prime Minister said: Before we are bound by the treaty, parliament must act. You ask us to ratify. You say that you will submit the treaty to us for ratification. You say that you will want us to sign. These things parliament must decide. Therefore we want to lay the facts before parliament. If it was for parliament to decide whether we should sign or not, it was logical that parliament should know the facts. Does anybody imagine that it was in the Prime Minister's mind, when he asked that the information be laid before parliament as received by the government, he was not asking for it so that parliament would know what to do about the signing and ratification of the treaty? Certainly that was in his mind. Imagine his suggesting now that what was really in his mind was this: Inasmuch as we have had nothing to do with negotiating the treaty, Canada not being represented, we will neither sign nor ratify it, for this reason and this alone; but afterwards if anything happens out of it, if there is any danger, any need for its protection, any cause for its enforcement, then parliament will want to know how the thing was brought about, and therefore I want to lay these communications before parliament. This position is absurd. What the Prime Minister had in mind was the necessity of being in a position to lay the information before parliament when parliament was called upon to decide whether Canada would be bound by the treaty or not.

Mr. MARTELL: Is it not the fact that whether we are represented or not at any conference, the British authorities can sign a treaty or enact a law which can be made applicable to the whole British Empire? I do not think that can be gainsaid as a matter of constitutional law. Then, whether we are represented or not, we are bound by what is done. Therefore, the only way in which we can get out of it is by resenting what the British authorities have done, and if they will not accept our protest, the only way is by rebellion or otherwise.

Mr. MEIGHEN: I do not think the hon. member is very far out. The British authorities, in making a treaty, especially in signing a treaty in connection with a war in which we took a part, can bind the rest of the Empire.

The hon. member is quite correct in that regard, and this afternoon when he was putting those questions to the Prime Minister after much of the comment the Prime Minister had made, questions that indicated that we were really in colonial status now, I thought he indicated a pretty fair appreciation of the position. That is exactly where we are.

Mr. MACKENZIE KING: We have never been out of it.

Mr. MEIGHEN: We have been out of it. We have had the right of a self-governing dominion until now, but the Prime Minister not only abandoned that position but cheerfully abandoned it. He said. You did not ask us and we do not find any fault with you at all. He acquiesced in the most cheerful manner in the position which reduces us to the colonial status again.

Mr. MACKENZIE KING: Let me direct my right hon. friend's attention to this wording:

> In our opinion parliament will desire, as respects the treaty with Turkey and any other instruments arising out of the Lauzanne conference to reserve to itself the right to decide upon the merits of the case what action on the part of the people of Canada is right and proper.

"Upon the merits of the case" refers to any further instrument which may arise in which reference may be made to the Lauzanne treaty with Turkey and parliament reserves the right to decide what action is right and proper under the circumstances. That is what those words were intended to mean and that is what they do mean.

Mr. MEIGHEN: I was just going to argue upon those words myself. If they mean that, then they have misled not only every commentator that I have read, but myself. I took them to mean, and the British government evidently took them to mean, that parliament would decide on the merits of the treaty.

Mr. MACKENZIE KING: What nonsense!

Mr. MEIGHEN: If the Prime Minister meant: You have not invited us to the conference and therefore we shall not sign and we shall not ratify the treaty, why did he not say so in his first message?

Mr. MACKENZIE KING: I said quite as much. I said everything that meant that.

Mr. MEIGHEN: Nobody took it to mean that.

Mr. MACKENZIE KING: Yes, they did and there was no mistake. I appeal to my right hon. friend; I made the statement at the Imperial conference, that this government did not intend to concur in the ratification of the treaty. That statement was never questioned there. It was never misunderstood excepting by those who wished to have it misunderstood.

Mr. MEIGHEN: I can not dispute that the Prime Minister made the statement. I have no means of disputing it. I believe he did, because he says he did. That is included, however, in the secret report of the conference. The Prime Minister, if he took that position at the conference, should have seen that it was included in the record. He should not have left the record in such shape that that statement was in the secret report. Besides there is no indication or hint of it in the correspondence.

Mr. MACKENZIE KING: I had not the shaping of the record.

Mr. MEIGHEN: The Imperial conference met long after these communications were sent out. If the Prime Minister intended not to ratify and to base his refusal to sign or ratify the treaty, not upon the merits of the treaty, but upon the mere fact that we were not represented, then he should have said so in his first communication without any equivocation at all.

Mr. MACKENZIE KING: He did.

Mr. MEIGHEN: He did not. He said: "No, you go ahead and make your treaty and we will decide on the merits of the case what to do about it. The parliament of Canada will have to act and to decide before we are bound by the treaty." The Prime Minister should have said, if he had the mind he has this afternoon: "You have not invited us to the conference, and because you have not, we are out of the picture; you go ahead; you will get no signature, no ratification." This would have been understood. Nobody understood such a thing from the Prime Minister's dispatches, and now after months of disputing, misunderstanding, schisms between the two governments, the Prime Minister says that he has found two university professors who can define where Canada is at to-day.

Mr. McMASTER: I was going to suggest that the interpretation given in somewhat colloquial language by the right hon. member seems to interpret pretty well the first telegram of October 31.

Mr. MEIGHEN: That was a notification that we would not sign, would not ratify the treaty?

Mr. McMASTER: Yes.

Mr. MEIGHEN: Nobody in the world took it up in that way, and nobody after all the discussion has taken it up in that way yet. After all these communications, I would not take it up in that way.

Mr. MACKENZIE KING: That settles it.

Mr. MEIGHEN: I am in agreement with every other commentator I have ever read. The Prime Minister cannot name me one who has taken it up differently from myself. The Prime Minister should at least have been frank with the British government and said: "If you do not invite us to the conference, we shall not sign and we shall not ratify." The right position however for him to have taken was to represent to the British government that we had vital interests in the treaty with Turkey. We had interests in the war and we had consequently interests in the treaty which was to close the war. But the Prime Minister did not even tell them he did not intend to ratify the treaty. He led them to believe that it was going to be for parliament to decide whether or not we should ratify the treaty. In that statement I put myself in the judgment of hon. members of every party in this House. I say, the Prime Minister led the British government to believe that it would depend upon the will of this parliament how far we should ratify the treaty or be bound thereby.

Mr. MACKENZIE KING: He did not.

Mr. MEIGHEN: They evidently believed that.

Mr. MACKENZIE KING: That is not so, although my right hon. friend may give it as his opinion if he wishes to.

Mr. MEIGHEN: I give it as their opinion and mine and the opinion of any one who looks into the matter. Why were the British government misled? Did they deliberately mislead themselves?

Mr. McMASTER: I hope not.

Mr. MEIGHEN: No one across the floor apparently knows yet why they were misled. I know there are men now who know what our position is, or claim they do; but any one who has a clear interpretation of all the correspondence that passed on the subject will take the ground that the matter of ratification and the whole matter of being bound by the treaty was represented by the Prime Minister to depend upon the will of the parliament of Canada. I have stated that the right course for us to have followed was to have declared our interest in the matter and our right to be represented, at least on the British delegation, and our right to present our views. And in my judgment we could have obtained that right to representation there, even though there could have been only two sitting at the conference table. At all events we should have asked for that right and led the other dominions in the request; and in my opinion if we had done so we could have succeeded.

Mr. MACKENZIE KING: The treaty is not yet ratified. If my right hon. friend thinks that this parliament ought now to approve of it and be bound by all the obligations involved in it, he has only to move that we be so bound, and let us debate the matter.

Mr. MEIGHEN: I have answered that two or three times, and I do not know what relevancy it has to the point I am discussing unless the purpose is to divert me from that point. I have already stated what should have been done. Imagine any one but the government of Canada moving in the House to ratify a treaty! We cannot take exception to-day to the terms of the treaty. Does the Prime Minister take exception to the treaty or to any of its terms? He says now that because we have not ratified it we are in a better position. But I have shown the House that when we do not sign a treaty, when we have nothing in the world to do with it and no opportunity of influencing the framing of it, we may be in a position to take exception to its terms afterwards, if event arises, and to complain of its policy. This is the only difference, and there is no other. And if this is worth gaining at the expense we have gone to, of a reversion to our old colonial status, all well and good. But such is not the judgment of the people of Canada; and anyway we have not gained even that. We are not in a position to-day to complain of the terms of the treaty. Does any one think we are? Does the Prime Minister say that we are in a position to complain of any single sentence or any obligation of the treaty?

Mr. MACKENZIE KING: Most certainly.

Mr. MEIGHEN: We are?

Mr. MACKENZIE KING: Certainly.

Mr. MEIGHEN: Did the Prime Minister complain of the terms of the treaty at the Imperial conference?

Mr. MACKENZIE KING: I have taken the position from the beginning that we were not present at the conference; those who

extended the invitations thought we were not interested as it was not a matter that concerned us.

Mr. MEIGHEN: I know the Prime Minister has difficulty in answering the question. But what I asked him was—and if he feels he cannot answer it because of secrecy at the conference, then it is a misfortune but it is his own fault—what I asked him was whether he had taken exception to any of the terms of the treaty as being unwise or on any other ground. Did he take exception at the Imperial conference when the treaty was fully explained and all the circumstances of its negotiation were revealed? Did he take exception to the terms of the treaty or did he not?

Mr. MACKENZIE KING: I took the position that this parliament would not approve of the treaty; I do not know in what more emphatic way I could have stated the position of this country.

Mr. MEIGHEN: Surely the Prime Minister does not press that statement. Did he state at the conference what was wrong with the treaty? Did he point to any feature of the treaty, as I have done this afternoon, and say, "This does not receive my approbation"? Did he refer to any specific sentence or clause of the treaty and object to it? He will not say he did; I am fully convinced that he did not. And if he did he should have seen that his objection was noted in the records to the public.

Mr. McMASTER: Does not the leader of the opposition see that the Prime Minister, having taken the view that, not having been invited to the negotiations we were therefore not called upon to express an opinion, he would have been unwise in offering one?

Mr. MEIGHEN: Not in the least. We had an opportunity to express an opinion all through the negotiations. Our government was supplied with all the information; I have never heard that it was complained of as being incomplete; I have seen repeated statements of British ministers to the effect that information was given daily. So that we were certainly supplied with the information and we knew the tendency of policy; we knew what was contemplated and we had a right to interpose an objection then. We did not do so; we sat by in a sort of sullenness and said nothing.

Some hon. MEMBERS: Oh, no.

Mr. MEIGHEN: Perhaps not sullenness, but lonely, questioning isolation.

Mr. MACKENZIE KING: Taking no exception.

Mr. MEIGHEN: Certainly—taking no exception, when we should have taken it. We should have contributed our part to the terms of a peace for which our men died. Does any one suggest that we had no interest in the terms of peace—a peace that concluded a war in which many of our own men had fallen? Certainly we had an interest in the terms of peace. We have an interest in the terms of every treaty which sets out the security for the future peace of the Empire and of the world. But the Prime Minister took no exception, he offered no objection at all to the course pursued or the intention manifested by the British government; he sat at the Imperial conference and heard the terms of the treaty; in fact, he had had them before him three months prior to the time he attended the conference. Yet he took no exception to any one of the terms of the treaty. All he objected to, as stated for the first time this afternoon, was the fact that we were not invited to participate in negotiating the terms of the treaty.

Mr. MACKENZIE KING: I stated the position to this country.

Mr. MEIGHEN: In other words, so long as we are not invited to participate we have no interest at all and no comment to make on the terms of a treaty affecting our future happiness. Now, Mr. Speaker, our future happiness and peace depend upon the rightness and the soundness of the terms of that treaty, as upon the rightness and the soundness of the terms of other treaties. Are we not interested in the peace securities stipulated in that treaty? Were we not interested in the treaty of Paris? Were we not interested in the securities obtained at Washington? Of course we were. And we are interested in this treaty, perhaps not in an equal but in a like degree; and never will this country submit to having to sit outside when terms are negotiated concluding a war in which we have participated and fixing the securities on which the peace of the future is to rest. Therefore I say that this supposed gain that we have achieved—if any one can imagine that we have the right to complain if trouble afterwards arises as to the terms of the treaty—this supposed phantom is gone, because the time at which we could have complained with advantage is past, and the government can offer no objection now. This government therefore has not been frank with the British administration nor with the people of Canada; it did not

take in the correspondence the position it now assumes; it did not make its course clear, unequivocal and unmistakable. Consequently we have landed now in the position where after a series of months of disputation we find ourselves bound by a treaty in which we took no part at all, we find ourselves bound by the provisions of a treaty in the negotiation of which we had nothing more to do than had Chile; we find ourselves, in a word, back to the status of the old colonial days.

Mr. LAPOINTE: Oh, oh.

Mr. MEIGHEN: My hon. friend is laughing.

Mr. LAPOINTE: Yes, I will explain the reason later.

Mr. MEIGHEN: We are back in the old rank, and that by the admissions that were made this afternoon. There is not a whit of difference between the obligations we are under now and those we would have been under by a treaty negotiated by Great Britain fifty or seventy-five years ago.

Mr. MARTELL: I do not want to be interrupting my right hon. friend for he knows more about this subject than I do—but when were we ever under the colonial status?

Mr. MEIGHEN: When we did not have a part and say in the negotiation of British treaties, in the determination of the foreign policy of the Empire.

Mr. MARTELL: But we are still bound by British treaties with other countries whether we are represented in the negotiations or not, exactly as we were a hundred years ago.

Mr. MEIGHEN: Very good; but we had gained the right to be represented, and we ought to be represented.

Mr. MARTELL: Whether we are represented or not we are still bound.

Mr. MEIGHEN: We ought to take advantage of what we have secured. All this the present government has abandoned. That is what I complain of. From this afternoon on, the people of Canada will have some very serious thoughts as to the direction towards which this government is tending. If we want friction this is the course to pursue. If we are looking for future difficulties this is just the line to follow: Do not ask for any representation. Hastily acquiesce in the suggestion—in the stipulation, if you will have it that way—that we do not have representations on British delegations. Cheerfully step aside and say: We will not have a word to utter about the policy at all, but when the time comes that any difficulty arises out of the policy which you are pursuing, then we will decide whether we will take any part or not as one of the self-governing dominions of the Empire. This is just the policy which will lead to friction, if it is friction we are looking for.

Mr. MACKENZIE KING: Does my right hon. friend mean to say that if to-morrow a difficulty arose between Great Britain and Greece or Roumania or Jugo-Slavia we ought of necessity to get into that difficulty at once?

Mr. MEIGHEN: The Prime Minister does not imagine that I mean anything of the kind.

Mr. MACKENZIE KING: Yes, he does.

Mr. MEIGHEN: No, we do not want to get into any difficulty.

Mr. McMASTER: Hear, hear.

Mr. MEIGHEN: We do not want to be in any difficulty whatsoever. But you do not get out of difficulty by keeping your eyes blind to what is going on, you do not get out of difficulty by permitting Empire policy to pursue a line which is ultimately bound to involve us, you do not get out of difficulty by remaining heedless of whether such policy involves us or not. In matters that we are concerned with let us present our view, and let our view every time be dictated by the interests of peace, and of peace alone. This government has abandoned the whole undertaking, this government has abandoned all responsibility, this government has abandoned its duty to the people of Canada.

Mr. ROBERT FORKE (Brandon): Mr. Chairman, the remarks which I shall make will be along the line of trying to realize in some way just what the position of Canada is at the present time. Regarding the invitations to the Lausanne conference, it seems perfectly plain from the correspondence that has been placed upon the Table, copies of which members have now in their hands, that the Canadian government was not invited to attend, but they were to be kept informed of the negotiations from time to time. That the treaty binds the whole Empire seemed to be made perfectly plain from the correspondence and from the arguments which we have listened to to-day. Canada was not represented by Canadian delegates, and therefore the Prime Minister has stated that the treaty will not be submitted to this parliament for ratification.

The leader of the opposition takes the ground that although Great Britain may have made mistakes at the conference, yet if the government had stated Canada's point of view mistakes might be obviated in the future. Of that statement I have no criticism to make. However, we must remember that consultation means responsibility. I shall not attempt to define exactly what is the responsibility of Canada in regard to the Empire, but one thing does seem to emerge from all the discussion which has taken place—that when the King has signed a treaty it is binding upon the whole Empire.

We hear a great deal about secret diplomacy, and I am rather surprised at this late date to learn that so many things take place which cannot be revealed to members of parliament or to the country. It seems to me that we would be in a better position to deal with this matter to-day if we knew exactly what took place at the Imperial conference and at the Imperial Economic conference. In relation to secret diplomacy, I had handed to me to-day a statement made by Richard Cobden seventy-three years ago, and with the permission of the committee I will read it. I hope hon. members will realize just how fast we are travelling towards open diplomacy. This is his statement:

> My own opinion is that we are on the eve of a revolution in the diplomatic world; that the old regime of mystification and innuendo and intrigue cannot survive the growth of the democratic principle; that diplomacy must be a public and responsible organization; and nobly again has Kossuth—

—the Polish patriot—

> —assailed the stronghold of this spirit. What could be better than when he said: "Diplomacy tells us that the dinner is prepared and eaten and we (the people) have nothing to do but digest the consequences."

That seems pretty much along the line of some engagements that are entered into by individuals and governments—they are all done in secret, but the people have to bear the consequences. I am inclined to believe, Mr. Chairman, that the less we have of secret diplomacy the better will it be for the country and for the world at large.

I have listened very attentively to the speeches of the Prime Minister and the right hon. leader of the opposition, but I am bound to confess that I do not yet know exactly what the position of Canada is in the British Empire. But that is what we are trying to define. It seems to me, however, to be one of the most difficult things to define. The Prime Minister of Great Britain, Mr. Ramsay MacDonald, also seems to be in a similar difficulty, for I notice he is thinking of calling a conference of delegates from the dominions to meet representatives of Great Britain in an effort to see if they cannot formulate some policy which will be common to the Empire and involve common action. I should really like to know just what the opinion of Prime Minister MacDonald is in respect to the relationship of the dominions to the British Empire.

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

Some hon. MEMBERS: Oh, oh.

Mr. MARTELL: I have put questions to the right hon. Prime Minister and the right hon. leader of the opposition, and have been treated very courteously by both. Does my hon. friend's reading of the history of our status as a portion of the British Empire incline him to any other view than that we stand exactly as we did seventy-five years ago, save that the British government accord us the courtesy of asking us to attend Imperial conferences? Is there any other difference?

Mr. FORKE: Yes.

Mr. MARTELL: I cannot see it, and no person can show it to me as a matter of constitutional law.

Mr. McMASTER: What is the use of asking the question then?

Mr. MARTELL: I am asking to be shown the difference. My hon. friend puts himself forward as the supreme arbiter in all things.

The CHAIRMAN: Order.

Mr. FORKE: It is not to be expected that I should attempt to answer that question when constitutional lawyers have been addressing the House on it for the whole afternoon and have not yet clearly defined it. But I do not agree with the hon. member when he says we have made no progress; I think we have made a great deal of progress in the past seventy-five years. Nor do I agree with the statement made by the right hon. leader of the opposition that we have lost all that we had gained during the last ten years. We did not gain that position through diplomacy, although that may have had something to do with the action that the Canadian government have taken during past years. But that is not the reason, I say, why we have attained our present position. Canada has attained the position she occupies to-day through the gallantry of her sons on the fields of Belgium and France and through

the large sacrifices which Canada has made. Canada has attained the position she occupies to-day because of her standing in the economic world and the general influence she exercises among nations. Her very material position, if no other, gives her a standing that she had not attained ten years ago, and we cannot, we will not go back to the position we occupied in the days previous to the war.

Mr. MARTELL: Will my hon. friend permit me again? Will he kindly tell me where as a matter of constitutional law our position is any different from what it was fifty years ago?

Mr. FORKE: There are some facts that we cannot exactly define. Perhaps before this debate is over it will have dawned upon the minds of hon. members exactly what the position of Canada is within the Empire, but I cannot define it in so many words. Of this I am satisfied, however, that we have made tremendous advancement during recent years toward national status. The Prime Minister stated, either to-day or on a previous occasion, that our part was to keep our commitments and obligations and be ready to throw ourselves into the scale of peace and act in the interests of the welfare of the Empire. I do not know that a sentence of that kind contains any definite meaning. It may be very useful; it may be a very good policy for us to pursue. At the same time it does not in any way begin to lead us out of the trouble we are in with regard to a definition of our position as a nation within the Empire. Sir Wilfrid Laurier made the statement—I think it was during the South African war—that Canada reserved the right to act or not to act, and when. That is about the position we occupy to-day. I am concerned as to what Canadian national status is really going to be in the future. As a rule, individuals and nations are fond of talking about their privileges and their rights. If Canada is to enjoy the privileges of a nation, to reach the status of independence even as a nation within the Empire, that status will also carry with it responsibilites. If we are willing to take the status of a nation, then we must be willing to assume the responsibilities of a nation. I question very much whether we have arrived at that stage, and I question very much whether we are in a position to attain it at this time.

The question of Imperial defence has not been brought up in this debate, and it is one which I am not inclined to undertake to discuss. It is much too difficult a question; it is one to which I cannot offer any solution.

[Mr. Forke.]

But one thought that comes into my mind is this: Does Canada as a component part of the British Empire run any more risk from invasion than she would do if she were an independent nation? I do not think anyone in this House will accuse me of being other than British in sentiment. In fact I am inclined to believe that our very relationship with the British Empire involves a certain amount of danger from invasion in time of war. As regards the signing of treaties, when Canada has a particular interest in the matters concerned, when the treaty affects only Canadian interests, there will be no trouble in having the treaty signed by Canadian plenipotentiaries and brought into effect by the signature of His Majesty the King. I do not believe for one moment, notwithstanding the argument of the right hon. leader of the opposition that we are going to go back to the status we occupied ten, fifteen or twenty years ago.

I would like very much to be able to define the position that Canada ought to occupy. I cannot think of any phrase that will better express my ideas than a line of Tennyson's, that we go on "from precedent to precedent." The right hon. leader of the opposition finds fault with the government because he thinks we have perhaps let one precedent slip by that we might have taken advantage of. However, I do not think any irreparable damage has been done. I do not conscientiously believe that the relative positions of Great Britain and Canada are any different to-day from what they were twelve months ago. Canada is in the position to-day of emerging from what might be called a status of irresponsibility to that of a free nation. I think you will find the same thing apply in many phases of life. For instance, there is a time when an animal emerges from the condition in which it is unable to look after itself and is about to reach that of independence. We seem to be just in that transitory stage. We are not a nation; we are not a colony; we are something more than a colony and a little less than a nation. That is about as nearly as I can define our position. I rejoiced this afternoon to hear the Prime Minister and the right hon. leader of the opposition say that they would prefer that Canada should go on in its development toward the status of a free nation inside the bounds of the British Empire. Perhaps I feel a little more strongly on this question than some other members of the House. I am Canadian through and through. My

children are native born Canadians; I have no other interest except what is in Canada. But, Mr. Chairman, I can never forget the land that gave me birth. To me it is not only a matter of how Canada will grow in stature as a nation; it is a matter also of sentiment. I sincerely hope that whatever the future may bring, Canada will still remain within the Empire. It can only be for the advantage of Canada and of the whole Empire that we should have a league of British nations making for peace and for the welfare of the world. While having a warm affection for those little inslands on the other side of the Atlantic ocean, I would wish that Canada might ever remain at peace with the great nation to the south of us. It is unthinkable; you cannot imagine such an occurrence as war between Canada and the United States. But of one thing I feel certain: that although we may be a nation forming a component part of the British Empire, the future welfare and prosperity of this whole North American continent are bound up in the welfare and prosperity of Canada and the United States; what is the welfare of the one is the welfare of the other.

I know that I have added nothing to this debate, but as I have said, it is most difficult to define our position. I have faith in the future; I have faith in the perseverance and the ability and industry and intelligence of the Canadian people; I have faith in the fair-mindedness and justice of the British government. I feel certain that at no time will there be any divergence of opinion or will there be any friction that will impair the cordial relations that exist between Canada and the Mother Country.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Chairman, before offering the very few remarks which I intend to make, I desire to refer very briefly to the speech made by the right hon. leader of the opposition (Mr. Meighen) on this question. As unsual, he made a very fine and eloquent speech, but I must say that it was not very enlightening, and I am not surprised that my hon. friend from Brandon (Mr. Forke) in following him said that the situation was not easy to understand.

My right hon. friend (Mr. Meighen) made various statements which cannot be reconciled. I have summarized some of the arguments he presented. Those who remember his speech will admit that it was not easy to understand just what the real stand taken by my right hon. friend was. In one part of his speech he says that parliament will be free from assuming any obligation later on, whether we sign the treaty or not, and then in another part he says that whether we sign the treaty or not, we are bound. It is not a good treaty, he says; he is not quite satisfied with it. He even suggested that Great Britain had made a mistake, and when he ventured that statement I could see some of his friends behind him hesitate and shiver in their approval of his declarations. He feels that Great Britain is making a mistake, that Great Britain should not mingle in European policies; and then he blamed us for not having mingled in these very same policies. He blamed us for refusing to do the very thing he criticised Great Britain for having done.

In answer to a question which I asked, whether or not we should disapprove of the treaty and signify our disapproval, he said no; but the whole trend of his remarks was that we should not approve of it either. There are provisions in the treaty which he does not like. He says that, being far from the seat of the negotiations, we are not in a position to know exactly what the conditions were; we were not in the inner circle, and perhaps it was the best thing to do under the circumstances. It might be the best thing that could be done under the circumstances, but still he must censure this government for not having prevented the British statesmen from doing the best thing that could be done under the circumstances. Moreover, my right hon. friend says that the government should be censured for not having participated, although no notice was served upon us that we could be admitted. I could recite some of the other statements of my right hon. friend. He really will forgive me if I say that a more incoherent, self-contradictory, whimsical piece of political crazy-patch-work has not been exhibited to the world since the creation of the National Liberal and Conservative party. Read the speech of my right hon. friend in Hansard to-morrow, Mr. Chairman, and you will be able to find in it all shades and brands of opinion on this question. On one point only is he consistent; it is that the government is wrong, the government must be wrong, the government is and always shall be wrong. In that he is consistent, and I am sure he will maintain that attitude.

Mr. ARCHAMBAULT: For a number of years.

Mr. LAPOINTE: Yes, for a number of years. Now may I refer to the question of the power of ratification, in answer to a question asked by my hon. friend from North

Waterloo (Mr. Euler) while my right hon. friend was speaking. The power of ratification varies in différent countries. After a treaty has been negotiated and signed by the representatives of the countries concerned, it has to be ratified by some part of the sovereign power in each country. In some countries the power of ratification is in the popular chamber, as in Portugal, for instance. In other countries it is in the second chamber, as in the United States. In Great Britain the power of ratification is in the Crown, and my right hon. friend (Mr. Mackenzie King) when he read the first words of Lord Curzon's speech on moving in the House of Lords the bill concerning this treaty, read his statement that this treaty does not need ratification by parliament. The same thing was stated in the British House of Commons by Mr. Lloyd George respecting the Peace treaty after the conference at Versailles, and it was stated in the Canadian parliament at the same time. Ratification by His Majesty the King makes the treaty valid and binding. His Majesty the King is the King of Canada, Australia, of New Zealand, as well as of Great Britain, and when he signs a treaty which declares peace with Turkey, all the nations of which he is king are at peace with Turkey, just as when he declares war, all the nations of which he is king are at war. This cannot be contradicted in any respect.

So, Mr. Chairman, ratification by His Majesty the King will make the treaty valid for all parts of the Empire, but as has been stated this afternoon and again to-night, parliament will always be the only authority to decide to what extent and the manner in which any obligation resulting from the treaty will be lived up to. It is for parliament to declare and decide—I think what my right hon. friend the Prime Minister said this afternoon will be accepted by everybody in this House—what the extent and limit of those obligations shall be. The manner in which they shall be fulfilled may depend in large measure upon the manner in which they were assumed. In connection with a treaty to the negotiations and deliberations leading to the signature of which we were no party, a treaty with which we had nothing to do, surely the moral obligation is not the same as that resulting from a treaty in which we participated to the fullest extent. We must remember the circumstances under which the negotiations for the Lausanne conference were started. It was only a few days after that crisis in the Near East when war was imminent and when we, in common with the other dominions, had received a famous telegram

that remains in the memory of everyone in this country, asking us whether we would join in a proposed war against Turkey. My right hon. friend the Prime Minister referred in his speech this afternoon to the crisis which occurred in September, 1922. He referred to the attitude of the right hon. leader of the opposition (Mr. Meighen) and to the words, "Ready, aye ready". My right hon. friend does not seem to like those words.

Mr. MEIGHEN: Yes, I like them.

Mr. LAPOINTE: He kept strictly away from them. He seemed to repudiate them this afternoon. I could not understand why he protested when those words were used this afternoon.

Mr. MEIGHEN: My hon. friend's understanding seems to be a little off-colour this evening. He has not understood anything.

Mr. LAPOINTE: I beg pardon. I understood what he meant very well. What is the matter with my hon. friend from Vancouver Centre (Mr. Stevens)? Anything wrong with the Pacific ocean? I will read from the Daily Mail and Empire of Saturday, September 23, 1922, a report of a meeting at which the right hon. leader of the opposition spoke. I read the following:

> Throughout the speaker's allusions to the Turkey situation it was manifest that the audience was in fullest accord with his view that Canada should have done what Australia and New Zealand had not failed to do. Then came the telling climax when Mr. Meighen summed up the situation in these stirring words: "Britain sought a declaration of solidarity on the part of the dominions. Let there be no dispute as to where I stand. When Britain's message came, then Canada should have said, 'Ready, aye ready, we stand by you' ".

Mr. RYCKMAN: Where does the minister stand?

Mr. LAPOINTE: I will tell you. I do not stand for Canada sending soldiers to answer an appeal which a man of the standing of the late Right Hon. Bonar Law, who became Prime Minister a few weeks afterwards, said was as foolish as it was wrong. That is where I stand, and that is where I believe the people of Canada stand to-day.

Mr. RYCKMAN: Is the minister aware that the Prime Minister of Australia stated that the reply which Australia gave on that occasion had saved the war?

Mr. LAPOINTE: I am quoting the words of Bonar Law who was Prime Minister shortly after that time.

Mr. MEIGHEN: If my hon. friend will read the context he will see the impression he has given is wholly wrong.

Mr. LAPOINTE: I have encountered the words which I have quoted on several occasions. In the Old Country this statement was quoted in criticism of the stand taken by Lloyd George and Winston Churchill and nobody ever sought to deny the words of Bonar Law. Now my hon. friend (Mr. Ryckman) says that the answer of the Prime Minister of Australia saved the war. Well, it is the first time I ever heard such a statement made. I have read statements in newspapers and I have read statements by public men in this country who would not be accused of being very partial to this government—I refer to Sir Clifford Sifton for one—to the effect that the answer of the government of Canada to the message of Mr. Churchill saved the war.

I have in my hand a copy of MacLean's Magazine, and surely nobody will accuse MacLean's Magazine of making propaganda in favour of the present government of Canada. Mr. MacLean, editor of this magazine, stated that the action of Canada at that time saved the war. Here is what he said in an important article:

> Some men, not Canadians, who have unusually good resources of world-wide information, whose judgment is generally sound, and whose views are held in high esteem, are positive that had our Premier succumbed to the Lloyd-George-Churchill demands, preceded as they were by propaganda and scheming for Canadian participation the British Empire would undoubtedly have been at war with Turkey, Russia and perhaps India, Afghanistan, Persia, and God knows who else or what the end would have been.

When I was interrupted I was proceeding to say that this conference at Lausanne was organized only a few days after the crisis in the Near East.

We were told in a message from the Secretary of State for the Colonies that "yesterday invitations were sent" by the governments of Great Britain, France and Italy to Roumania, Jugo-Slavia and other countries to attend the conference.

Knowing the gentleman who was Governor General of Canada, I believe that these words must have been the work of some humorist in the Foreign Office. Not only are we not invited, but we are given the intimation in very polite terms that Jugo-Slavians, Roumanians, Japanese, Greeks and Turks had been invited. I do not think that this was a great compliment to us to be told that these people should be invited to a conference from which we had been excluded. However, the government of Canada answered in the way expressed in the telegrams before the House. My right hon. friend blames the government for having answered in that way, and for not having insisted on Canada being there, for not having forced the attendance of Canada at the Lausanne conference, when we are told that we could not be invited to it. A few days after the crisis in the Near East there were clouds of war hanging over Europe. Could the Canadian government at that time take a stand that would act as a block to Britain negotiating peace with Turkey? Could we assume at that time an attitude which would be represented in this country as an attitude of blocking, hampering and preventing the peace of the world? I can hear even now the noise and the words of my hon. friends opposite who would have said, "The Prime Minister and this government do not say 'Ready, aye ready,' when they are asked to send arms to Europe to take part in the war. They have refused to do their duty; and now they do not want Britain to make peace. They all want war, not peace."

Mr. MEIGHEN: The hon. gentleman's wit is not failing, but his reasoning seems to be very bad. What I said had not been done in this case was done precisely in the case of the Paris conference. It was not without an effort that Canada was represented there. The effort that was made then, this government refused to make.

Mr. LAPOINTE: Unfortunately—and my right hon. friend knows this—we are not at liberty to disclose the reasons or the causes which were given for our representatives being refused an invitation to the conference. He knows that, but he will understand when I say that the situation was very different from that at the time of the Paris conference or the Washington conference. On account of events that had taken place since then, there was not between some of the allied countries the same understanding, the same united will, the same agreement on everything as there was at the Paris conference and at the Washington conference. My right hon. friend knows that.

Mr. MEIGHEN: Will the minister say that the same objections to which he refers were not advanced to our being represented on the British delegation at Paris? I cannot see where the difference comes in.

Mr. LAPOINTE: I do not know whether the same objections were made at the time of the Paris conference; but I repeat that the situation was not the same; that in 1922 at the time of the Lausanne conference, after the troubles which had taken place in the Near East, after there had been a tense situation as between some of the allies, the situation was not the same as that at the Paris conference or the Washington conference. It

was more difficult for Great Britain to convince some of her allies that Canada should be there as well as the other British dominions.

Mr. CLARK: Were the difficulties of 1922 greater than the difficulties between 1914 and 1918?

Mr. LAPOINTE: My hon. friend will allow me to go on with my speech without noticing his clever interruption.

Mr. MEIGHEN: How does the minister know that it would have been harder to get representation at the late conference than it was at Paris, when this government never tried?

Mr. LAPOINTE: The matter was closed by the very terms and words of the communications which came to this government from the government of Great Britain. We could not do then what was done in the case of the Washington conference. I have in my hand a copy of an address delivered before the American Historical Association at New Haven on the 28th December, 1922, by the Right Hon. Sir Robert Borden, who was kind enough to send me a copy of his address. I read these words of his which throw some light on the proceedings of the Washington conference:

> However, in 1921 no such invitation was sent—

That is an invitation to the dominions to attend the conference.

> —and there was serious consideration as to whether certain dominions would not stand aloof from the conference, and decline—

I call my right hon. friend's attention to these words:

> —to be bound by any treaty or convention there concluded.

This would have been the real disruption of the Empire.

> Having regard to the importance and significance of the conference, it was wisely decided that the absence of a special invitation should be overlooked and that the dominions should be represented at Washington by plenipotentiaries nominated on their behalf, to whom full powers should be issued under the same practice that had prevailed at Paris in 1919. In the result the wisdom of this course was entirely apparent. The status and distinctive consideration which the dominions had received at Paris was accorded to them at Washington. There were regular meetings of the Commonwealth's delegates at which all important questions were discussed and determined in advance.

The representation of the dominions was recognized when the treaties were signed. Does anybody in this House suggest that the present government could do the same thing in 1922 with regard to the Lausanne conference? In the situation in which Europe was at the time, was it possible for this government to threaten disruption of the Empire by saying that we would decline to recognize any obligation resulting from any treaty if we were not a party to that treaty? Could that be done, or could we send delegates as was done at the Washington conference even if we were not invited? There is this great difference, that Great Britain in 1921 could arrange things so that the dominions would be represented at the conference, but we could not insist on the appointment of Canadian plenipotentiaries for the Lausanne conference according to what was stated to us and the very serious reasons which were then given to the Canadian government. That is the situation as it was, which is very different from the situation which existed at the Paris conference and at the Washington conference. There is no doubt that it is hard to define what the constitutional status of the dominions really is and to give full recognition to that status. It is a difficult matter to handle, but I hope British statesmanship will be equal to it. Many difficult and knotty problems have been solved in the past by the British people, and I trust that this very difficult problem will be solved, but solved in the right way, by recognizing that every nation of the Empire has the same right, the same freedom and the same power as the citizens of any other part of the British Empire.

I have seen in the newspapers that the Prime Minister of England has suggested this. Perhaps, notwithstanding the objections which have been offered against that system, it will be necessary to have a constitutional conference of all parts of the British Empire to define clearly in black and white what the situation is, what are the rights and powers of the various parts of the commonwealth. The Imperial conference of 1921 adopted unanimously a resolution for the holding of such a conference, and this is a sentence which I read from that resolution:

> They deem it their duty, however, to place on record their view that any such readjustment, while thoroughly preserving all existing powers of self-government and complete control of domestic affairs, should be based upon a full recognition of the dominions as autonomous nations of an Imperial commonwealth, and of India as an important portion of the same, should recognise the right of the dominions and India to an adequate voice in foreign policy and in foreign relations.

—and so forth. The Right Hon. Sir Robert Borden in a very interesting work entitled Canadian Constitutional Studies says, at page 113, commenting on that resolution:

> The 14th resolution has reference to constitutional relations, but it can hardly be said that its pronouncement is progressive or even illuminating.

In that lecture before the American Historical Association he also takes exception to

the resolution adopted at the subsequent conference of 1921, observing that this constitutional conference was not necessary and should not have taken place He says:

> The constitutional conference alluded to in this resolution has not yet been held, and at a meeting of the Prime Ministers held in London in 1921 the surprising conclusion was reached that it was no longer necessary. It would be difficult to suggest any substantial reason for this determination.

My right hon. friend (Mr. Meighen) who voted for the subsequent resolution of 1921 thought they who in 1917 said that a constitutional conference was important were wrong. No doubt he will give us the reasons for this difference of opinion between himself and Sir Robert Borden.

Mr. MEIGHEN: Perhaps the Minister of Justice will say which of us he thinks is right.

Mr. LAPOINTE: I am inclined to side with Sir Robert Borden against my right hon. friend, I regret to say. Again, at page 115 of Canadian Constitutional Studies Sir Robert says—

Mr. MEIGHEN: Before the minister proceeds, will he tell us why the conference this year, participated in by the government of which he is a member, did not restore the position of 1917 and decide to have a constitutional conference?

Mr. LAPOINTE: Because the Prime Ministers in 1921 had stated that it was necessary to hold such a conference, whereas the question was not discussed at the conference of 1923. That is the reason. It is not the conference of this year that has reversed the decision of 1917; it was the conference of 1921 of which my right hon. friend was a distinguished member.

Mr. MEIGHEN: Certainly, and I abide by it. But if Canada believes that we were wrong then why was Canada's opinion not recorded this year?

Mr. LAPOINTE: The question was not mooted; however, it may arise at some time. But my right hon. friend being opposed to it, that was a presumption for the government that there might be strong reasons for no conference being held. Meanwhile I may quote the following words of Sir Robert Borden:

> While it is true that the dominions were represented at Paris that they took their place at the Peace conference, and that they became signatories of the Peace treaty, I have yet to learn that since the conclusion of peace their right to "an adequate voice in foreign policy and in foreign relations"—

These are the words of the resolution of 1917.

> —has been recognized in any effective or practical way. This result does not seem to justify complacency or inaction. It is perfectly competent for the nations of the British Commonwealth to declare their constitutional relations, and to have them accepted by foreign powers. Until this is done there will be not only difficulty and uncertainty, but danger of reaction. Even within the Empire those relations are imperfectly realized, and abroad their implications are misunderstood, if not resented. Having regard to the resolution of 1917, and to the status gained by the dominions in the war, it is essential that this condition should not continue.

I think my right hon. friend will agree with me that these are strong reasons for something definite being done in the way of defining for our own purpose as well as for the information of the world the status of the nations of the British Empire. This special situation with regard to the nations of the British Empire is not well understood by foreign nations, and that is the cause of many difficulties; and I believe that on every occasion and every opportunity that presents itself the equality of nationhood of every nation in the Empire should be asserted, should be defended, should be made known, not only by the dominions themselves but by the British authorities, in their dealings with the nations of the world.

Let me say to my right hon. friend that I agree that there must be co-operation between the various parts of the British Empire. But this must be honourable co-operation. Surely my right hon. friend will not suggest that in order to co-operate we should act as rubber stamps and automatically accept negotiations and decisions in the reaching of which we have not been invited to assist, and our advice has not been given. Undoubtedly co-operation implies equality in the responsibilities which lead to the making of a legal instrument or convention or treaty, and only if we are invited to co-operate should we do so. And when our co-operation is sought we should give it right to the end and sign and accept and approve of any resulting treaty.

I am sorry that this incident should have occurred while the Right Hon. Mr. Ramsay MacDonald is Minister of Foreign Affairs and Prime Minister of the United Kingdom, because he has inherited the situation in which he at present finds himself. He is not responsible for that situation; it was created by those who preceded him in office. I know that Mr. MacDonald cannot and does not take exception to the situation as I argue it to be, because of his record, because of the statements he has made, because he above all men is not satisfied with the way in which the management of foreign affairs has been conducted in years past. Not later than July of 1923 I received a letter which I am sure many hon. gentlemen in

this parliament must also have received. I am sure many hon. gentlemen in this parliament must have received a letter signed by a large number of members of the British House of Commons, the first signature being that of Mr. MacDonald. The letter is reproduced in a review called Foreign Affairs, and I quote the following excerpts:

> Last September the British cabinet, or, more accurately stated (as has since transpired), a section of it, apparently determined to run the risk of war with Turkey. We are not here discussing the merits or demerits of the policy itself, but we point out that neither the British House of Commons nor the Dominion legislatures were given any opportunity of debating the subject, nor were they given any data to enable them to judge of the circumstances which had led to so grave a decision. The dominion governments were invited to send contingents to the Near East, without any preliminary warning that the situation was such as these messages indicated. If war had ensued, it would have been a war decided upon by certain British ministers without any sort or kind of national or imperial consultation.
>
> This is only the latest instance of the dangerous system under which we continue to live, in spite of the experiences of the Empire before and during the Great War.
>
> .....
>
> ...The signatories of this letter see in the situation here described a permanent menace to the security of the people of Great Britain and of the dominions and a source of grave danger to peace and to the unity of the Empire; and we are anxious to know how far you may share our views, and to what extent co-operation might be established between members of the House of Commons and of the dominion parliaments to deal with it.
>
> .....
>
> ...We ourselves are of opinion that the people of the dominions are equally affected with the people of Britain. Even if a closer contact and working arrangement should become established, as the result of pressure from the dominions, between the British ministry and the ministries of the dominions in regard to the conduct of foreign policy, the problem of parliamentary control in each dominion would still remain unsolved.

Mr. MEIGHEN: Is this a communication to the minister?

Mr. LAPOINTE: This is a letter dated July, 1923, signed by a large number of members of the British House of Commons and sent to members of the various parliaments of the Empire. I was privileged to receive a copy. I am not surprised that Mr. MacDonald has already effected a very important change in the matter of the ratification of treaties by the British House. He has laid down a rule that no treaty shall be ratified before it has been tabled in the House of Commons for at least twenty-one days, and that in the case of important treaties an opportunity will always be given to the House for full discussion. This means that there will never be again, at least as long as the new system is kept in force, any secret treaties—and secret treaties have been the curse of foreign policy. Being of that mind, I am sure that Mr. MacDonald must understand the position which we are in, the feeling which we have in the dominions, not only the feeling but the conviction that we must be consulted, we must be a party as partners, as equals, to every document or instrument which is going to bind us. That is the position which the government of Canada takes; that is the position which I take personally. In any event I think it is the right position for the citizens of this country to assume.

Now, I do not think this is reverting to the colonial status as my right hon. friend contended. No! Nobody on this side wants to go back to the colonial status; quite the contrary. I think we are rather following in this respect the lead of the late leader of my right hon. friend. As I showed by quotations from his books and newspaper articles, he is not satisfied with the present position of affairs, he says that the lead given in 1917 has not been followed up, and he suggests that there should be a conference of representatives of the various portions of the Empire to define what is the real situation of the dominions in regard to foreign policy, and to declare to the world that they are equal and sister nations in the Empire.

Mr. MARTELL: May I ask my hon. friend one question—when he or any other person on behalf of Canada goes to negotiate a treaty his credentials are credentials authorized by the British authorities, the king in council in England?

Mr. LAPOINTE: The credentials come from His Majesty the King.

Mr. MARTELL: In other words, when a Canadian minister goes to sign a treaty on behalf of Canada, he has no greater status than that of any other plenipotentiary of the British Empire who is authorized by the British authorities?

Mr. LAPOINTE: No; but he is a citizen of the country which he binds by signing the treaty, and that treaty is signed by a Canadian public man interested in Canada. We claim that it is not necessary in purely Canadian affairs that anybody else than a Canadian minister should represent the king. And this is not going back to the colonial status. I think my right hon. friend was closer to the colonial status when he criticised the right obtained by Canada that Canadian public men should sign Canadian treaties when they relate to purely Canadian affairs. I think we were not going back to the colonial status when, in 1922, in the very incident which has been related again to-night, we said that no

soldier could leave Canada before the Canadian people were consulted and agreed to it and all the circumstances were laid before parliament. Those who were then reverting to the colonial status were those who criticised the stand taken by the Canadian government and said the government should have answered as soon as we had the call, "Ready, aye, ready". I say that we are not reverting to what my hon. friend described as the colonial status. We are acting as Canadians, conscious of our dignity as such, proud of being citizens of this fine country, proud also that she is a nation in an Empire which is the greatest in the world, but especially proud that she is a sister nation, and determined that she shall be nothing less than a sister nation within the Empire.

Mr. JOS. T. SHAW (West Calgary): Mr. Chairman, in a matter which may be fraught with such significance as this particular matter is, it seems to me that we should approach it as far as possible in a temper utterly devoid of any partisan considerations whatsoever. It has been extremely interesting this afternoon to listen to those who have preceded me in their varying interpretations of Canada's present position within the Empire. I think all are agreed that to-day that position is rather a nebulous one. Certainly after what we have heard one would be justified in referring to it as a very hazy position indeed. Now, that is not so with regard to our domestic affairs. After perhaps a good deal of disagreement and sometimes considerable conflict we have at last achieved national status so far as our domestic affairs are concerned, with some few possible minor exceptions; we have complete command over our own domestic affairs. But who will suggest that we have complete control over our foreign affairs? I think it is time that our attitude as to foreign relations should be clarified as far as it is possible for the government or for parliament to do so. We should declare and define our exact position in that regard just as we can with the greatest simplicity and ease declare and define our position with regard to our domestic affairs.

As pointed out by the hon. Minister of Justice (Mr. Lapointe) there was a resolution of the Imperial War conference in 1917 pointing to the necessity of a constitutional conference for the purpose of trying to enlighten us on our relationships within the Empire. It was thought advisable that that conference should not proceed during the course of the war and it was suggested that the matter should be taken up at the earliest possible date after the conclusion of hostilities. The first Imperial conference after the war was held in 1921, at which the right hon. leader of the opposition (Mr. Meighen) was present. But for some unknown reason that constitutional conference was not proceeded with. In the proceedings of the 1921 Imperial conference we find this unanimous resolution—I read only a part of it:

> Having regard to the constitutional developments since 1917, no advantage is to be gained by holding a constitutional conference.

As Sir Robert Borden, in his work already referred to, has said:

> If the self-governing dominions may not have adequate voice and influence in the direction of the Empire's foreign policy, it is not improbable that some of them wll eventually have distinctive foreign polices of their own, and that may mean separation.

The situation is that we have not been able so far to arrive at any definition through consultation or through the avenue of a constitutional conference, so it seems to me that failing that we must set about ourselves to ascertain, if we can, exactly our position and exactly our responsibilities.

May I be permitted for a few moments to deal with the matter somewhat historically? During the period of our colonial status, in the earlier days of our history, there could be no question that we were not entitled to any part in foreign policy and that we were under no obligation whatever to assume any burden in respect of foreign wars. I am not going to take the time to discuss with the members of the House the purposes or the ideas in the minds of the rulers of the Mother Country with regard to her colonies in those days when we enjoyed colonial status. But it is abundantly clear that Canada—and it is not to the discredit of England at all—was in those days looked upon as a place for commercial exploitation in the interests of the Mother Country. We must judge the age and the conditions which existed in that time, and during the seventeenth and eighteenth centuries there can be no doubt that colonies were looked upon as I have stated. Let me read from a work The American Revolution recently published by a distinguished Oxford professor. He says:

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> To each generation belongs its modes of belief; and to the seventeenth and eighteenth centuries it was impossible to conceive of colonies which did not directly minister to the Mother Country's wealth.

Then the author quotes as an example the attitude assumed by one Martin Bladen, a member of the Board of Trade in England, a gentleman to whom belongs the rather ques-

tionable distinction of having been the first to propose the stamp tax for America. I may add that a member of the Board of Trade occupied a position in those days of even more importance than it is to-day. Here is what he says:

Every act of a dependent provincial government ought therefore to terminate in the advantage of the mother state unto whom it owes its being and protection in all its valuable privileges. Hence it follows that all advantageous projects or commercial gains in any colony which are truly prejudicial to and inconsistent with the interests of the mother state must be understood to be illegal and the practice of them unwarrantable, because they contradict the end for which the colony had a being and are incompatible with the terms on which the people claim both privilege and protection. For such is the end of colonies, and if this use cannot be made of them it will be much better for the state to be without them.

May I then refer those who are interested to the dispatch sent immediately after the treaty of Peace of 1763 by Lord Egremont, one of the secretaries of state, to the Lords of the Board of Trade, requiring them to report on this question:

By what regulation, the most extensive commercial advantage may be derived from these cessions, and

How these advantages may be rendered more permanent and secure to His Majesty's trading subjects.

In part, the Lords of the Board of Trade, reported on the 8th of June, 1763:

The most obvious advantage arising from the cessions made by the Definitive treaty are: the exclusive fishery of the river St. Lawrence, on all the coasts of the gulf of St. Lawrence, and the islands in that gulf.

And it goes on to indicate how advantage may be taken of the fishery and the fur trade. Similarly, the purposes for which the colonies were held were indicated in 1791 in a dispatch written by the English secretary for the Colonies to Lord Dorchester. This question was asked:

—by what means, the connection and dependence of Canada, on this country may be so preserved and cultivated, as to be rendered most beneficial to Great Britain during its continuance, and most permanent in its duration.

With the advent of free trade in England in the forties of the nineteenth century this idea that a colony was intended for exploitation by the Mother Country happily vanished. This new view synchronized with the granting of responsible government to the colonies, a condition which was not only accentuated but was reinforced by the federation pact of 1867.

With regard to military affairs so far as the relationship between the Mother Country and the colonies was concerned, it is interesting to find that Earl Grey, the Colonial Secretary, from 1846 to 1852, in evidence given before a royal commission in the Old Country in 1861, used these words:

I think that the very notion of a colonial relation between this country and our colonial possessions implies protection on our side and obedience on the other, within certain bounds.

Then we find that in the Hamilton-Godley military report of the 24th of January, 1880, these words are used:

Thirdly, we dissent from the argument founded on joint interest. If England was considered bound to contribute to the defence of her colonies merely because she is interested in their defence, it might fairly be argued that the obligation is reciprocal, and that the colonies, being deeply interested in the safety of England, ought to contribute systematically and habitually towards the defence of London and Portsmouth. But the ground on which we hold that England is bound to contribute towards the defence of her colonies is, that the Imperial government has the control of peace and war, and is therefore in honor and duty called upon to assist them in providing against the consequences of its policy.

This is a very clear intimation that when the relationship of colonial status exists the Mother Country is under obligation to provide any necessary protection, because she is the one who is responsible for the condition of peace or war.

Coming later to the military position in 1902 at the Imperial conference of that year the War Office presented a memorandum of which I quote a part:

Prior to the outbreak of the war in South Africa, as far as any general scheme for the defence of the Empire as a whole had been considered, it was assumed that the military responsibilities of our great self-governing colonies were limited to local defence, and that the entire burden of furnishing reinforcements to any portion of the Empire against which a hostile attack in force might be directed fell on the regular army. There may possibly have been some pious hope that in time of need the colonies might rally to the Mother Country, but no definite arrangements were made, nor were inquiries even on foot as to whether such aid might be expected, and if so, in what strength. Indeed, the necessity for it was by no means realized and its reliability was doubted.

I have made these quotations for the purpose of indicating the position of the colonies with respect to the Mother Country according to the responsible views of leaders in the Mother Country itself. Now let me survey the Canadian attitude for a few moments. We fought in two British wars in Canada, the American Revolutionary war, and the war of 1812-1814. Neither of these wars was of course, of our own making. Our next experience was in 1861. An effort was made in that year by the Duke of Newcastle to have Canada prepare for the possibility of hostilities with the United States in connection with the so-called Trent affair. The Colonial Secretary, the Duke of Newcastle, undertook to exercise

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pressure on the Canadian government with reference to military preparation. Parliament declined to pass the required legislation and the Duke of Newcastle on the 22nd of August, 1862, expressed his regret. He urged the resumption of efforts by the Governor General in that direction and indicated very clearly what ought to be done. He suggested military co-operation under the direction of the Adjutant General, and gave various other suggestions. Now I direct the attention of hon. members to the reply of the Macdonald government of that day, because I think the reply clearly indicates the position of Canada, even at that early day, with regard to taking part in wars the making of which we were not a party. I am quoting from the reply of the Canadian government:

The dispatch of His Grace involves matters of the highest importance and affirms a principle which for the first time comes in a practical shape before the people of Canada. Your Excellency's advisers have not been unmindful of the discussions upon the subject which have taken place in the Imperial parliament, but until now they have not been called upon to consider the principles of a policy so gravely affecting the relations of Canada to the Mother Country . . . . It is not doubted that the same mutual regard and confidence will be exhibited in any communication or negotiation which may follow His Grace's dispatch. At the same time, however, it is felt that in dealing with a question affecting so deeply the present and future welfare of the province, care should be taken to base any arrangements that may be entered into upon something more solid than sentiment, more enduring than any proposal not recognizing the rights and interests of the Canadian people.

After arguing in favour of the voluntary system as against the compulsory system, the memorandum goes on as follows:

The people of Canada, doing nothing to produce a rupture with the United States, and having no knowledge of any intention on the part of Her Majesty's government to pursue a policy from which so dire a calamity would proceed, are unwilling to impose upon themselves extraordinary burthens. **They feel that,** should war occur, it will be produced by no act of theirs, and they have no inclination to do anything that may seem to foreshadow, perhaps to provoke, a state of things which would be disastrous to every interest of the province. On this ground their representatives in parliament assembled rejected the proposition to organize 50,000 men, or, indeed to commit the province to a much smaller force; and recent elections in various localities embracing more than a third of the population of the province, have shown that in this respect public feeling has undergone no change.

Proceeding further:

Another suggestion embraced in His Grace's dispatch is well calculated to excite surprise. Your Excellency's advisers allude to that portion of the dispatch in which His Grace proposes to remove the control of funds required for militia purposes from the domain of parliament. His Grace is evidently aware that the proposition wears the aspect of "an interference with the privileges of the representation of the people," and it is certain that any measure liable to this construction never will be, and ought not to be, entertained by a people inheriting the freedom guaranteed by British institutions.

Then again:

Your Excellency's advisers now turn to the general argument which underlies the argument of His Grace. That the right of self-government has for a correlative duty the maintenance of provision for defence, is a proposition which in the abstract is indisputable in the case of governments of states which are sovereign in themselves. As between a colony and the parent state it cannot be said to exist in the same sense. A British colony must submit to all the consequences of conflicts produced by the policy which Her Majesty's government may carry out in the interest of the Empire at large. It is not enough that a colony endowed with self-government provides for the preservation of peace and order within its own boundaries. It is not enough that a colony so situated must endure all the consequences of a line of action which its own legislators have no voice in originating and towards the termination of which they can do nothing. A further responsibility is held to attach to the colonial relation. The colony, although the theatre of ruinous hostilities, must furnish its quota in aid of the Imperial army and contribute a share to the attendant expenditure.

The dispatch goes on and says the Canadian government cannot assume this responsibility. That is the first time this matter was drawn to our attention in Canada. The next time we were asked to participate in an overseas war was in 1885, in connection with the war in the Soudan and may I take the liberty of quoting the reply of Sir John A. Macdonald to the request for Canadian reinforcements? To Sir Charles Tupper, who was then High Commissioner in London, on the 12th of March, 1885, Sir John wrote these historic words:

I wrote you a hurried note the other day on this question, and have both before and since talked it over with my colleagues, and we think the time has not arrived, nor the ocasion, for our volunteering military aid to the Mother Country. We do not stand at all in the same position as Australasia. The Suez canal is nothing to us, and we do not ask England to quarrel with France or Germany for our sakes. The offer of these colonies is a good move on their part, and somewhat like Cavour's sending Sardinian troops to the Crimea. Why should we waste money and men in this wretched business? England is not at war, but merely helping the Khedive to put down an insurrection, and now that Gordon is gone, the motive of aiding in the rescue of our countrymen is gone with him. Our men and money would therefore be sacrificed to get Gladstone and Co. out of the hole they have plunged themselves into by their own imbecility. Again, the reciprocal aid to be given by the colonies and England should be a matter of treaty, deliberately entered into and settled on a permanent basis. The spasmodic offers of our militia colonels, anxious for excitement or notoriety, have roused unreasonable expectations in England, and are so far unfortunate. I daresay that a battalion or two of venturous spirits might be enlisted, but 7d a day will cool most men's warlike ardour.

I want to draw hon. members' attention particularly to Sir John A. Macdonald's

words in that dispatch when he said that the reciprocal aid to be given by the colonies to England should be a matter of treaty deliberately entered into and settled on a permanent basis.

The next occasion on which we were involved in a war was during the Boer War, into which we voluntarily entered. I think we enlisted something like 8,000 men and spent something like $3,000,000 on that war, only to be met by the denunciation of Joseph Chamberlain at the Imperial Conference of 1902.

Before leaving to attend that conference Sir Wilfrid Laurier used these words in the House of Commons:

> It would be the most suicidal policy that could be devised for Canada to enter into that vortex in which the nations of Europe, England included, are engaged at the present time.

On the 10th of October, 1910, speaking at Montreal, he used these words:

> Does it follow that because we are exposed to attack we are going to take part in all the wars of the Empire? No, we shall expect to take part if we think proper.

Now one of the most important declarations of Sir Wilfrid Laurier's on this important matter was at the conference in 1911. Sir Joseph Ward had proposed a resolution there regretting that the colonies had not been consulted by the British government with reference to the Declaration of London. During the debate Sir Wilfrid used these words:

> We may give advice if our advice is sought; but if your advice is sought, or if you tender it, I do not think that the United Kingdom can undertake to carry out that advice unless you are prepared to back that advice with all your strength and take part in the war and insist upon having the rules carried out according to the manner in which you think they should be carried out. We have taken the position in Canada that we do not think we are bound to take part in every war, and that our fleet may not be called upon in all cases, and, therefore, for my part, I think it is better under such circumstances to leave the negotiations of these regulations as to the way in which the war is carried on to the chief partner of the family, the one who has to bear the burden in part on some occasions and the whole burden on perhaps other occasions.

Sir Wilfrid Laurier saw with a very clear and discerning statesmanship that if he took part in the consultations of Empire, it necessarily meant that we must assume responsibility, but in all his actions and in all his efforts it is perfectly clear that he kept away from consideration of these questions involving advice, for the good reason that I have given that it meant the responsibility of this country.

Mr. MANION: Does the hon. member not believe that if the Empire went to war, or Great Britain declared war, and Canada made a declaration refusing to go to war, along the lines the hon. member is suggesting in the remarks he is making, it would be tantamount to a declaration of independence?

Mr. McMASTER: Sir John A. Macdonald did that.

Mr. SHAW: I have already intimated that Sir John A. Macdonald acted in that way.

Mr. MANION: When we were a colony, but the position is different to-day.

Mr. SHAW: I am not so sure we were a colony. I do not think so.

Mr. MARTELL: In so far as our right to take part in a war is concerned, our position has not improved. We were in the same position when Sir John A. Macdonald made that statement as we are to-day.

Mr. SHAW: I am not so certain. I propose to come to that in a few moments. If I do not satisfactorily answer my hon. friend's question, I would ask him to interrogate me later. At the conference in 1909, an Imperial general staff was arranged; but in that conference the freedom of the dominions to decline to participate was not only preserved, but it was emphasized. I have under my hand the resolution itself, but I will not take the time to refer to it.

Now we come to the war of 1914. In this war Canada voluntarily participated. It was Sir Robert Borden, the Canadian Prime Minister, who placed Canada in a state of war at that time. We have been told on numerous occasions that as a result of that war, and as a result of the peace, that we have very definitely improved our position, that we have secured an improved status. I desire to read one or two statements of some gentlemen who ought to know so far as that particular matter is concerned. Lord Milner uses these words:

> There is no kind of authority which in practice (whatever may be the theory of the constitution) the parliament and people of the United Kingdom claim any longer to exercise over the parliaments and peoples of the self-governing dominions. We frankly accept the position that we are partner-nations of equal status.

Colonel Amery, the Parliamentary Under-Secretary of State for the Colonies, has said:

> We have got to decentralize our conception of Empire, and realize that each member of the British commonwealth is equal in status to every other, and, from its own point of view, the centre of the whole.

Mr. MARTELL: Was that the time Lord Milner was Governor of South Africa?

Mr. SHAW: No, that is at a comparatively recent date.

Mr. McMASTER: About the time of the negotiation of the Peace treaty.

Mr. SHAW: I think approximately about that time. I will pass over the remarks along the same line made by Mr. Hughes, Premier of Australia, General Botha and General Smuts, and I want to refer now to the official report of the war cabinet of the United Kingdom for 1919, which contains the following:

> The common effort and sacrifice in the war inevitably led to the recognition of an equality of status between the responsible governments of the Empire. This equality has long been acknowledged in principle, and found its adequate expression in 1917 in the creation, or rather the coming into being of an Imperial war cabinet, as an instrument for evolving a common Imperial policy in the conduct of the war.

Sir Robert Borden, in a speech quoted in the official report of the war cabinet, said:

> But we have always lacked the full status of nationhood, because you exercised here a so-called trusteeship, under which you undertook to deal with foreign relations on our behalf, and sometimes without consulting us very much. Well, that day has gone by.

Sir Robert Borden, referring to his attitude at the Peace conference, has said:

> On behalf of my country, I stood firmly upon this solid ground; that in this, the greatest of all wars, in which the world's liberty, the world's justice, in short the world's future destiny were at stake, Canada has led the democracies of both the American continents. Her resolve has given inspiration, her sacrifices been conspicuous, her effort was unabated to the end. The same indomitable spirit which made her capable of that effort, and sacrifice, made her equally incapable of accepting at the Peace conference, in the League of Nations or elsewhere, a status inferior to that accorded to nations less advanced in their development, less amply endowed with wealth, resources and population, no more complete in their sovereignty, and far less conspicuous in their sacrifices.

In the treaty of Versailles dated 28th of June, 1919, provision was made by which under certain circumstances, it was arranged as follows:

> Article (1) Provides adequate security and protection to France, Great Britain agrees to come immediately to her assistance in the event of any unprovoked movement of aggression against her being made by Germany.

But provision was made for a separation of obligations so far as the dominions were concerned in the following article:

> Article (5) The present treaty shall impose no obligation upon any of the dominions of the British Empire unless and until it is approved by the parliament of the dominion concerned.

There we find a very clear separation of the obligations of the dominions as compared with the Mother Country. The British parliament approved of that provision, and consequently cannot now be heard to say that we are one and indivisible, and all necessarily bound by exactly the same foreign policy. The next step in our position, perhaps not very important, was the Halibut treaty.

Mr. MARTELL: If the British authorities did that, and the Canadian authorities would not accept it, would that not be tantamount to a declaration of independence?

Mr. SHAW: I do not think the failure to ratify the treaty or any reservation would necessarily be tantamount to a declaration of independence. I was about to suggest that the Halibut treaty would probably represent one stage. I do not place much importance upon it; but its importance, I think, comes particularly by reason of the fact that the king, acting as respects Canada, overrode the advice of the Colonial Secretary and gave a Canadian representative power to sign the Halibut treaty. It is of primary importance too in that it led to the series of resolutions to which the Prime Minister referred this afternoon, at the Imperial conference of 1923, resolutions which, I suggest, very clearly recognize a separation of obligations as between the various parts of the Empire.

Mr. MARTELL: If His Majesty the King gave that authority overruling the British authority, if the Governor General in Canada is a representative of His Majesty, why cannot the Governor General in Canada give the same scope of authority to Canadian ministers without reference to the British authorities if we are not still dependent upon the British authorities?

Mr. SHAW: I do not know what might happen in certain eventualities, but there can be no question about this, that the king acts on the advice of either his British ministers or his Canadian ministers. In connection with the Halibut treaty, he acted on the advice of his Canadian ministers and appointed a Canadian plenipotentiary to conclude that particular treaty.

Mr. MARTELL: If we are not still dependent on the British authorities, why cannot the Governor General act on the advice of Canadian ministers without reference to British ministers at all and say we are independent without going around the bush?

Mr. SHAW: There is much camouflage in connection with this question, I agree with my hon. friend. The fact remains that the king is king, not only of Great Britain, but of Canada, and he is the final authority as regards these treaties.

Mr. MARTELL: He has his representative here, though.

Mr. SHAW: If what I have suggested in outline means anything at all, it means two

or three very definite things: first of all, that Canada has never agreed in advance under any circumstances to participate in British wars. On the contrary she has consistently declined to be bound to participate without the action of her parliament. Again, there has been a clear separation of interests amongst the various parts of the king's dominions and that has been repeatedly recognized. There has also been recognized a separation of obligations with respect to foreign countries even in the matter of war. That has been not only recognized, but officially provided for.

That brings me to this particular treaty. There can be no doubt that in some treaties Canada has participated in the negotiations; she has been represented; she has secured the approval of this parliament, and she has invited the King's ratification; but in respect of the Lausanne treaty now before the House, Canada took no part in the negotiation of it; she was not represented at the conference; she did not sign, and now the government, at the request of the British government, has refused to ask this parliament to give its approval to the ratification.

Mr. MACKENZIE KING: May I correct one remark my hon. friend has made? I understood him to say that this government had refused the request of the British government to have the treaty approved by parliament. The British government has made no such request. All the British government has asked us is if we concur in ratification, and we have in reply stated that we shall take no exception to whatever course His Majesty may take in the matter of ratification.

Mr. SHAW: I thank the Prime Minister for the correction, because I do not want to misstate his position.

Mr. MARTELL: Is my hon. friend's whole argument not tantamount to this, that we are an absolutely independent nation; that the only thing we recognize is a human being overseas, the King of England, and we take his imprimatur as a matter of course? That seems to be his whole argument.

Mr. SHAW: With some hesitation, I agree to a limited extent with what my hon. friend has stated. I rather thought that was the position until I heard the discussion this afternoon, and I am frank to say that I am not just sure now what the position is.

Mr. MARTELL: I am in the same position.

[Mr. Shaw.]

Mr. SHAW: In any event the Prime Minister and the leader of the opposition both agree in this particular, that we are bound by this treaty. I do not agree with that view. If such is the fact why all this historic separation of obligation? Personally, I cannot see, if there is that equality of status of which I spoke a few moments ago, how one portion of the Empire which alone negotiates, which alone signs, which alone participates in the framing of that treaty, is thereby enabled to impose that treaty as a binding obligation upon any other portion of the self-governing dominions. Supposing the position were reversed; suppose Canada as part of the Empire happened to be at war with a country and alone made peace, I wonder if this rule would work the other way and if such a treaty of peace would be binding upon the Mother Country. I doubt that very much. The Prime Minister has spoken also about our being involved in some moral obligations. I cannot see the distinction. If we are bound, we are legally bound, and if we are bound by the terms of this treaty, then it is our duty, as a country which honours its contracts to see that the treaty is carried out to the full, at least to the limit of our ability. It was claimed by the Prime Minister that the treaty was made on behalf of Great Britain alone but in answer to that I need only say that, as pointed out by the leader of the opposition, the treaty on its face describes one of the contracting parties as the government of the British Empire, and I cannot therefore accept the mere statement of Lord Curzon in a debate as proof to the contrary.

Mr. MACKENZIE KING: May I draw my hon. friend's attention, seeing that he has the treaty in his hands to the first clause, what is stated to be "final act:"

> The governments of the British Empire, France and Italy, in agreement with the government of Japan, being desirous of finally re-establishing peace in the East, and having invited on the one hand Greece, Roumania, the Serb-Croat-Slovene state, and also the United States of America. . . .

And so on. That simply is not true. The governments of the British Empire did not invite. We have the declaration here that the governments of Great Britain and Japan agree. The phrase is used very loosely.

Mr. SHAW: I quite agree with the Prime Minister that the treaty itself indicates a very loose use of the terms "The British Empire," "Great Britain," and perhaps the language itself is loose, but in any event, it is quite clear to me that Lord Curzon attempted to negotiate a treaty on behalf of the British Empire. In that treaty itself, I think the plenipotenti-

aries representing the British Empire were at fault in not inserting the reservation which was provided in the treaty of Paris to which I have earlier referred. But I notice that in the trade conventions, which are a part of this treaty, provision was made by which the dominions were not to be bound unless they saw fit to accept the obligation. Let me refer to the final provisions of that portion of the treaty dealing with business affairs generally. It will be found at page 151 of the Treaty Series No. 16:

> The contracting powers reserve the right of declaring, at the time of the coming into force of the present convention, that its provisions do not apply to all or any of their dominions enjoying responsible government, or their colonies, protectorates, possessions, or territories beyond the sea subject to their sovereignty or authority, and in this case Turkey will be released from her obligations under the present convention to the said dominions, colonies, protectorates, possessions and territories.
>
> The said powers may, however, adhere subsequently in the name of every dominion enjoying responsible government, colony, protectorate, possession or territory in respect of which they have, in accordance with the terms of the present convention, made a declaration of exclusion.

It is strange that Lord Curzon should have made this reservation with regard to this trade convention and ignored it so far as the more onerous provisions of this treaty are concerned. I shall speak for a moment now with regard to the final act in this matter, which is the ratification, or the act which converts this treaty from a treaty in escrow to an operative treaty, that transforms reality into fact. The ratification by the king is the final act which gives operation to the treaty of peace. The king is an international entity; he is the one who makes the treaty of peace. He acts on the advice of his responsible ministers and in this ratification it seems to me he is acting on the advice of his responsible ministers in Great Britain and not on the advice of his responsible ministers in Canada. In other words the king will undoubtedly ratify this treaty acting on behalf of his British ministers; but unless his ministers in Canada give their approval then I fail to see how the king can ratify on behalf of this country.

Mr. MARTELL: If the king ratifies on the advice of the Imperial government that ratification applies to Canada, irrespective of whether our ministers agree or not. The hon. member cannot get away from that.

Mr. SHAW: That is the question; but I am not so sure that the King acting on the advice of his British ministers can perform the final act of ratification binding this country. It is not an unusual situation for the king of one country who is also the king of another to find himself in different positions with respect to his separate kingdoms. For example, history shows that the Georges in England were also kings of Hanover; and many a time the King of England found himself in his capacity as King of Hanover at war with European nations although he was not at war in his capacity as King of England. And similarly it may well be that the King of Canada may not be at war when the King of England is at war.

Mr. MARTELL: Perhaps we had better be independent.

Mr. SHAW: I will suggest in a moment what seems to me the logical position in this matter. Now, there are many other treaties. I have in my hand a list of the treaties appearing in King's Monthly List of March-April, 1924; this list comprises about a dozen treaties. I wonder what interest Canada has in any of them? I wonder whether she has been consulted? I find one between the British government and some foreign power with regard to Spitsbergen, a treaty regulating the status of that country and conferring the sovereignty on Norway. I wonder what concern we have in that particular treaty. I find a treaty with Czecho-Slovakia, and some arrangements with Germany, with France and with Japan; and there is an important treaty with Nepal, providing for the importation of arms into that country. That is an important matter and I wonder whether the government of Canada was consulted regarding it; I wonder whether they gave their seal of approval to the ratification of that important treaty. One can see how absurd the situation would be if we had to be bound by every treaty which the British government should chance to ratify. Here is a country, the exact geographical situation of which I confess I do not know, for the importation of arms into which a treaty has been provided which may ultimately result in war. Surely no one would suggest that we as a country are bound by any such treaty as that. To urge otherwise would be to reverse the historic policy of this country.

The Prime Minister has indicated that there are several courses we might pursue. We may, he said, be one commonwealth of nations. I do not like that term, I must frankly say; I do not understand the term if we are to be a nation with equal status. It seems to me that the logical position for Canada to assume, the goal towards which we must develop, is to obtain complete control not only of our domestic affairs but of our

foreign affairs as well; we must become really, in fact and in law, an independent nation. Having achieved that status and in that position I for one at least would welcome a full and frank association with all the other dominions of the British Empire and with the British government itself in order that we might go on and achieve in this world a fuller destiny and make the Empire something which would be really and eminently worth while. That seems to me the sound logical basis on which we may make progress in the future. But if we leave our status in the nebulous, hazy state it rests at present trusting that somehow good will finally come of it, I am afraid that we are merely anticipating disaster.

I am sorry that the Prime Minister has not seen fit to propose a resolution asking the concurrence of the House in the action which this government has taken in this matter. I think it is important that these matters should be presented to the House in some definite way so that the House may arrive at a conclusion and express that conclusion not only to the members of the British Empire but to the world at large. A discussion such as we are having will undoubtedly be quite beneficial; but it is not directed to any particular object, and we are sometimes apt—I know I am myself—to stray from the subject. Therefore, Mr. Chairman, in the only way which seems possible to me for the purpose of indicating the approval of this parliament of the action of the government, I beg to submit a resolution to the committee. I do not come to this conclusion by the same process of reasoning as the Prime Minister, but I do think that the action of the government in this matter has been the right one. I move therefore that this item be reduced by the sum of one dollar for the purpose of approving of the government's action in not submitting the document known as the Lausanne treaty to parliament for approval.

The CHAIRMAN: This amendment as submitted is not in order: It is not possible to give reasons in committee of Supply for a vote to be reduced, increased or varied in destination. As the amendment stands therefore I must rule it out of order.

Mr. MEIGHEN: I am not sure; Mr. Chairman, that your ruling will be received with anything like dismay on the part of the committee. The amendment is remarkable, but it is no more remarkable than the reasons which preceded it. I was frequently at a loss to know just what my hon. friend was driving at, but I got the purport of his observations in the few sentences before the close of his speech in which he advocated the independence of Canada. After we have secured that independence he is ready to co-operate to build up the Empire. I would prefer myself to build up the Empire before destroying it rather than after. I do not rise for the purpose of replying to the speech of the hon. member, for the simple reason that it was conceived in a spirit of criticism and an aversion to things Imperial which I do not share at all, and which, I think, are not shared by any portion of the House. Independence is a fine-sounding thing; but when hon. members with a sense of responsibility sit down to realize all that is involved in it I do not fancy there will be any very serious discussion on the subject either in parliament or in the country.

I do wish to make however a very brief reply to certain statements of the Minister of Justice. I compliment him on the preservation of his wit and of that extraordinary command which he has attained of a language not his own. I wish I could compliment him on the logic of his address in general. Suffice to say, as expressive of my estimate of his intellect, that I feel he has the same appreciation of that logic which I have myself. He made an attack upon a position which I took in relation to the Chanak negotiations of September 1922, and to the conduct of Canada in respect thereof—I had not said the stand of Canada, because Canada had no stand. Canada's position was more that of crouching impotence and indecision than any standing up position one way or the other. He depicts me as attacking the government and its position on that occasion, declares that I denounced what the government was doing and said what I thought Canada ought to do, to send a reply "Ready, aye ready." I did not denounce the government's position, because we did not know then what its position was. As a matter of fact it was some time afterwards before we knew that the government had no position, that they simply sheltered themselves behind some platitudes, in other words, crawled under the table and declined to express any view on the stand the British government was taking or as to the stand Canada ought to take.

Mr. MACKENZIE KING: Does my right hon. friend say that the communication was sent by the British government? He says nothing was said in reply to the stand the British government was taking.

Mr. MEIGHEN: I do not know what the Prime Minister means.

Mr. MACKENZIE KING: There was a certain communication sent by Mr. Churchill at the time asking if Canada was prepared to join with the British government in sending forces to the Near East. Does my right hon. friend say that that was a communication sent with the knowledge of the British government?

Mr. MEIGHEN: I do not know what is the point of this interruption. Do I say the British government's communication was sent by the British government?

Mr. MACKENZIE KING: I am referring to the so-called dispatch sent out broadcast to the press, whether that was an authorized dispatch on the part of the British government?

Mr. MEIGHEN: Oh, the Prime Minister is raising the point whether the member of the government who sent that dispatch had the authority of the other members to do so?

Mr. MACKENZIE KING: Yes.

Mr. MEIGHEN: Oh, I do not know what that had to do with what I was saying.

Mr. MACKENZIE KING: It had everything to do with what you were saying.

Mr. MEIGHEN: I will come to it in a moment, but it had not the remotest relation to what I was saying. At the time I made the address referred to no reply had been sent by Canada at all.

Mr. MACKENZIE KING: Yes, a reply was sent the next day.

Mr. MEIGHEN: There was none given to the country.

Mr. MACKENZIE KING: I beg my right hon. friend's pardon,—it was given to the country a dozen times.

Mr. MEIGHEN: Not at the time I spoke.

Mr. MACKENZIE KING: Yes, a week before you spoke.

Mr. MEIGHEN: The reply of Canada?

Mr. MACKENZIE KING: Yes.

Mr. MEIGHEN: I can hardly think so. It would not be consistent with what I then said.

Mr. MACKENZIE KING: I say it was. The government asked Great Britain for information on which they could announce to the country the basis of the decision to be made.

Mr. MEIGHEN: The Prime Minister hardly calls that a reply—a request for information?

Mr. MACKENZIE KING: We also replied that before any troops were sent or any decision come to for action of a military or naval character the Canadian parliament would have to be summoned to discuss the matter, and in the interval we should like to have information which could be laid before parliament.

Mr. MEIGHEN: The Prime Minister says this reply was made at the time. But it would not affect the matter to any appreciable extent. Reading the speech as I have it before me, it clearly states that Canada had taken no position. I was stating what we ought to do under the circumstances, and I was not making any attack; there is no sign of an attack in the whole address. But it was not because an attack was not well merited when we found out the exhibition we had made of ourselves. Now the Prime Minister wants to know if I think the dispatch sent by Mr. Churchill had the authority of the British government. I am inclined to think it had. I read the controversy which took place between the Foreign Secretary of that time and the Secretary of State for the Colonies, and expressing my opinion—which otherwise I would not have intruded in this debate because it has no pertinence—I thought the Secretary of State for the Colonies got rather the better of the controversy.

Mr. MACKENZIE KING: What did the Secretary of State for Foreign Affairs say?

Mr. MEIGHEN: The Secretary of State for Foreign Affairs complained of the announcement to the press. I came to the conclusion that the very terms of the dispatch were generally approved by the British government, and that Mr. Churchill's contention to that effect was borne out by the argument. However, this is not the point in issue at all. Now, what were the circumstances at that time. There was an inchoate treaty of Sevres, a treaty, however, which had stipulated on behalf of Britain and her Allies the securities which in their judgment in the circumstances under which it was negotiated were the best securities for the peace of the world and the rights of the nations engaged. This treaty was never ratified by Turkey, it was kicked into the Dardanelles by a new Turkish government, and consequently a formal ratification by His Majesty the King had never

been made in our behalf. An insurrection occurred in Turkey, it was successful, the new Turkish government felt themselves in a position to take advantage of the new circumstances which had arisen, and the securities which had been established after long weeks of negotiation they hurled aside and trampled in the dust. Canada, however, was a party, and Canada approved of the terms set out, believing with the other members of the British Empire that those were the best terms that could be secured, and that the concessions therein insisted upon would make for world peace and prevent a repetition of those violations of the rights of Europe which had been a fruitful source of war in times gone by.

This was the situation as between ourselves and the rest of the Empire. We had agreed that this was the best way to do it, that these securities should be protected, and that peace was attainable best by their protection. In this state of affairs there came a time when those securities were threatened, when the Turk, intoxicated with the belief that he had wholly escaped the consequences of his immersion in the war before, intoxicated with some successes which he had secured against the Greeks, felt the opportunity had come to return once more into that territory from which he had been driven and from which Europe had for many years hoped he would finally be forbidden. The situation was saved.

Hon. members try to make out that the British government made an awful mistake, that they were going to war with Turkey, and were held from it by the supreme sagacity of the government of Canada. The British government stood on the Thracian border with their troops, and because they did they prevented the invasion of Europe and made the conditions such that now we have the treaty of Lausanne. If the rest of this Empire had acted as the government of Canada did, then we would have had conditions as respects Turkey out of which no treaty of Lausanne would ever have emerged, but a treaty infinitely more humiliating. Let me read in this connection first a comment of the Toronto Globe on the manliness of the stand taken by Canada, a comment that I commend to members of the government, because it was indicative of the general feeling throughout this Dominion at the time—not a feeling that we should spring into a war, but a feeling that we should make such an answer as would demonstrate to the Turk the solidarity and the unity of the Empire in any time of danger or in any time when those securities that we had had granted to us were being invaded, threatened, even violated by the Turk. I will read this first, and then I will read what I said myself, and I ask hon. members which of the two is the more severe in the way of a commentary. The Globe said:

> The moral issue with which we are brought face to face by these terrible events is, in our belief, of far more vital importance than any question of national security, or even than the preservation of world peace. Are we to say that it is none of our business that the bestial Turk shall return to Europe across the Straits we solemnly declared must be held as a barrier against him? Not thus can we evade our obligations and preserve our self-respect. If we regard the fate of the Christian people of Constantinople and of Thrace with indifference, if the ashes of Smyrna mean nothing to us, if the cry of the martyred Armenians leaves us cold and indifferent, we should at least call the parliament of the Dominion and repudiate in a formal and official way Canada's adhesion to the treaty of Sevres. It is stated that Lloyd George has not requested Canada to send a military contingent to the Near East—

Quite correct.

> —but has merely explained the urgency of the situation and and asked whether the overseas dominions desire to be associated with any military steps that might become necessary. We may therefore do nothing and still save our face. Our face we may save, but what about our pledged word as a signatory of the Treaty of Sevres? Is that to become another historic "scrap of paper?"

Mr. CANNON: If the right hon. gentleman will permit me, was that same treaty signed by France?

Mr. MEIGHEN: I think so.

Mr. CANNON: Why did France refuse to send troops?

Mr. MEIGHEN: Because conditions arose in respect of France, and France made what is known as the Franklin-Bouillon convention, a convention that did not in any way assist in the general adjustment of the situation. But with other members of the British Empire we agreed that those securities were in the interests of all; we agreed that it was not in the interests of the world that Turkey should march back again over the territory she had desolated. We agreed to that and we rightly agreed to it, under the circumstances of the time—and this castigation comes from the chief organ in this province of the government of the day.

11 p.m.

Mr. CANNON: One further question: Why should my right hon. friend refuse to Canada a privilege that he grants to France?

Mr. MEIGHEN: I have nothing to say as to French privileges, but I have something to say as to what we should do in the light of obligations we have entered into.

Now I come to a statement made at the last Imperial conference in the hearing of the Prime Minister and recorded as a cor-

rect statement of the situation at that time and since. I read from an address of Lord Curzon; and it was after this address was delivered that the Prime Minister joined in approbation of the fact that we had effected a peace with Turkey. Lord Curzon described the almost insuperable difficulties which had surrounded the Allies in the determination of the war and after the events of the war, and after reciting the Franklin-Bouillon agreement and the difficulties entailed thereby, he told about the success of the Turks, how they had revived national ardour, were well led in a military way, and how, taking advantage of the increasing weakness and demoralization of the Greeks, they made a sustained advance and practically drove the Hellenic forces out of Asia Minor. He continues:

This was followed by dramatic events. There was a revolution in Greece which resulted in the enforced abdication of King Constantine. The victorious Turkish army, elated by its success, conscious of Allied disunion, and resolved to push forward even at the cost of a war with Great Britain practically destroyed Smyrna and advanced towards the Straits, then held by Allied forces.

May I interpolate that this is a recital made by him who afterwards, if I understood him rightly, assumed some critical attitude as to the exact terms of a letter sent over here.

The French withdrew their troops to the European shore, being resolved in no circumstances to become involved in hostilities with the Turks. Great Britalin alone saved the situation and prevented the invasion of Europe by rushing a powerful force, military, naval and air, to the Dardanelles and to Constantinople.

This is the great blunder that Britain is supposed by this sagacious government to have perpetrated.

But it was by a hair's breadth only that the renewal of war was avoided. Presently I found myself again in Paris, engaged once more in the attempt to build up Allied unity and to obtain even at the eleventh hour a pacific solution. The Mudania armistice followed in October 1922, and the stage for the peace negotiations was set.

Lord Curzon specifically attributes to the firm stand taken by Britain in 1922, in which stand she was embarrassed by the indecision and the humiliating position assumed by this dominion, alone among the dominions addressed, the fact that the situation was held steady and we were able afterwards to meet the Turk on terms which made possible even the treaty of Lausanne.

Now then, what I stated I will read now; and I find no exception, if I got it correctly, to the part directly quoted from my remarks by the Minister of Justice (Mr. Lapointe). But I read this direct from my remarks. I did not have them taken down specifically, but I have no objection to take to the report. Referring to this communication—and I was referring to it in so far as it has been made public by the government—I said, as reported here:

There was no suggestion of sending a force overseas, so far as we can judge from the evidence we have received. What Britain sought was simply a declaration of solidarity, from the component parts of the Empire, a solidarity the existence of which we thought the late war had made abundantly evident. So far as we know, Britain, up to the present time, has received no declaration of this kind from Canada.

Then I continued:

Britain is not prepared to surrender that prize of victory—

I referred to the security which she obtained in the neutrality of the Straits, a security which we with her agreed was necessary to prevent those spoliations which had been the tragic record of the Turk in the past, a security necessary for peace.

Britain is not prepared to surrender that prize of victory because she wishes to secure that the future may belong to peace and not to war. She sends a message to the dominions, not a mere indifferent inquiry as to what was the mind of Canada, but a message to see if the dominions were solid behind the Motherland. Let there be no dispute as to where I stand. When Britain's message came, then Canada should have said: "Ready, aye, ready: we stand by you." I hope the time has not gone by when that declaration can yet be made. If that declaration is made, then I will be at the back of the government.

Now there is supposed to be something exceedingly improper, exceedingly rash when I state that in circumstances of that kind, circumstances just as well known to us as they were to them, to such a communication our answer should be a declaration of solidarity, and I expressed it in the language I have read. I read now from the words of Sir Wilfrid Laurier, and perhaps I may be permitted to do so, seeing that the Minister of Justice has complimented my late leader, Sir Robert Borden, by quoting from him.

Mr. McMASTER: Reciprocity in compliments.

Mr. MEIGHEN: Yes. I read from the words of Sir Wilfrid Laurier on August 19, 1914, in this very House.

When the call comes our answer goes at once, and it goes in the classical language of the British answer to the call to duty: "Ready, aye, ready."

I desire now to make some brief references to certain criticisms of myself offered by the Minister of Justice. The Minister of Justice complained of contradictions in my speech. I do not think the Minister of Justice saw any single contradiction. I have since asked hon. members not of my political faith if they

had observed any, and they say none. My position is perfectly clear. "Oh," says the Minister of Justice, looking across to me, "you complain about Britain having mingled in European policies, and then you complain because we do not mingle in European policies." Does the Minister of Justice really think that was fair? Does he even think it was an intelligent reference to my remarks? I did not complain of Britain mingling in European policies; not at all, never for a second; but I did advise, and I urged, that Canada should advise against special European guarantees or commitments, and I urged that the influence of Canada should have been exerted to have averted Britain from that course.

Then he says: "One minute you say that we should approve the treaty, the next minute you say we should not." I say nothing of the sort. I do say that I believe an error was made, to the best of the information I have. I admit that not being present, not having heard all the presentation, my opinion may not carry any great weight; in fact, I may possibly be wrong, and I am open to be persuaded to the contrary, but generally speaking I do believe it is wrong policy on the part of Britain to become involved in European guarantees and commitments, to become aligned with any group as opposed to any other group, and I think it is wrong policy because it is inconsistent with her position as a world power rather than as a European power.

Then the Minister of Justice says: "Why don't you move to disapprove the treaty, or approve it?" I would not for a moment advise this parliament not to approve of ratification. I do not see how we are in a position to do it. If we disapprove of the treaty, we should have taken our stand long ago. This government allowed every opportunity to go by. This government is estopped to-day from expressing disapproval of the treaty. This government sat at the Imperial conference and never disapproved of a single term of the treaty. It received communications every day, according to definite statements of the British government which I have in my hand, received them every day for weeks and months, telling them of the whole course of the negotiations, and they never uttered one word of protest or advice. How then could we get up in our dignity now and disapprove of the treaty being ratified?

Then he says: "Why don't you approve?" I am prepared to vote for approval, but it is no business of mine, the leader of the opposition, to introduce a motion for ratifying a treaty. What would be thought throughout the Empire of a course of that sort? Let the government move ratification, even at this stage, and I answer them at once; we are in no position to refuse; our only course would be to accept. But this does not excuse the government. The government had the opportunity to make the influence of Canada felt, and the government ran away from that opportunity, believing though wholly wrongly that if they did so, there would be no binding force in the treaty upon us. This is the humiliating position Canada finds herself in now.

Mr. MacLEAN (Prince): Does the hon. member think it would be in keeping with the dignity of Canada, when we were never invited and were not allowed to sit at the conference, for this government to force itself on the conference?

Mr. MEIGHEN: The dignity of Canada is not injured very much by that. It is injured when we have an opportunity we do not avail ourselves of. We had the opportunity all along. "Oh," the Minister of Justice says, "Great Britain without consulting us decided that we could not have separate representation at the conference." Now the first letter of October 27 simply says Great Britain, France and Italy have sent out invitations. Naturally we would not be invited by the other powers. We would only be invited, if invited at all, by Great Britain, to be represented in her delegation. We might press, and I think we might have pressed successfully, to have had the same character of representation sitting at the conference as we had at Sèvres and at Paris but if we could not have succeeded in that we at least could be represented in the British delegation. This is not a matter in which France has any say; it is not a matter that concerns Italy or Jugo-Slavia or any other country; it is a matter between only Great Britain and Canada. We may not have been able to increase the number at the conference table, but we could have been represented there in a way which would have brought us close to the whole conduct of affairs and in a position to influence British policy, if we so desired, from day to day. There was nothing in the world to hinder the government, after receipt of the letter of October 27, 1922, from urging that Canada be at the table, but if they felt for the reasons given in that secret dispatch, reasons, by the way, that I do not regard as powerful at all, reasons that were surmounted before and could be surmounted again—if we failed to surmount them, there was nothing to prevent us being represented in the British delegation, and the only reason we were not so

represented was that we made no request to be represented, and Great Britain thought we did not want to be. They naturally thought we were quite content to let them go ahead themselves.

It is stated, parliament is now the only authority to say whether or not we take any part, and if so, what, in the enforcement of the treaty or in the securing of rights that arise later on by virtue thereof. Well, parliament has had that right ever since Canada had a parliament. Does the hon. member think Canada was ever without those rights? Were we not consenting parties, for example, to the Anglo-Japanese alliance? Did not Sir Wilfrid Laurier, when the question of the first renewal of that alliance came up, expressly affirm on behalf of Canada approval of that renewal? That is what he did, and I am not criticising him at all. Perhaps I would have done otherwise, but anyway parliament made no objection. Now then, does the minister say that because Canada approved of that renewal, was a party thereto, if any war arose as a result, we had no say as to what participation we should have in it? We had absolute command of the whole situation. Parliament, in the light of Canada's position, could decide what we would do and what we would not do, notwithstanding the fact that Canada manfully, under the leadership of Sir Wilfrid Laurier, declared her position. Never under Laurier did we assume the position, if you call it that, the retreating, ambiguous, crouching position we took in 1922, and never did we assume the position we are now in as a result of this correspondence over Lausanne.

It is stated furthermore, and I have already referred to this statement of the Minister of Justice, that it was harder for us to be represented, owing to the different European conditions, in 1923 than it was back at the time of the treaty of Paris. He says the relations between the Allies were not so cordial—I understand his point; I did not at first—and consequently it was harder to get France and Italy to agree that we should have separate representation at the conference. I do not know that there was very much in it. I know they objected strongly in 1918, but I know that their objections were overcome, but suppose that they could not have been overcome; suppose the conditions and the jealousies were such that they could not be overcome, very well; then we could have had representation on the British delegation and could have been in a position to press the Canadian viewpoint, and to warn against courses which ultimately might result to our detriment. How did the minister know the objections could not be overcome? He never tried. Hardly was the communication received than Canada sprang to the opportunity, I presume thinking we were getting out of something, and notified them that what they did was fine and that no exception could be taken to it at all.

Then it is stated—and the Minister of Justice dwelt upon it at some length, though rather cautiously—that our present relations are unsatisfactory, that they are too undefined, that our obligations within the Empire, our duties, our responsibilities and our rights have not that definiteness they ought to have; and consequently the resolution passed in 1917 at the Imperial conference, which provided that after the war there should be a constitutional conference whose functions should be more clearly to define these relations, should have been given effect to. He criticises me because I was a party to a resolution in 1921 which stated that in view of the constitutional developments—and I ask hon. gentlemen to mark the words—which had taken place after 1917 and before 1921, the relations were clear enough for the present and such conference was unnecessary.

What were those constitutional developments? Between 1917 and 1921 we acquired the right to representation in the negotiation of high political treaties. We acquired the right to representation as an individual country within the Empire. That right we did not have before. This was an achievement, and a marked achievement, and the conference of 1921 felt that, in view of this and other matters, but this one in chief, there was no more need of a constitutional conference. I am quite aware, and I admit very freely, that Sir Robert Borden has taken a position contrary to that taken by myself. I must say, by way of plea, that the entire representation of all the dominions there agreed with our position, and the resolution declaring in 1921 that the constitutional conference was no longer necessary was unanimously assented to by all present. And let me add that there may be a measure of, may I say, indefinity; there is an absence of written contract or obligation; but if I apprehend the meaning and mission of this Empire aright, it is based on that very fact; its greatest strength is that very fact. The Empire is a growth, a development, an evolution. It is not anything that is the consequence of negotiation and written contract, and I would take this occasion to advise the administration, and I advise them earnestly, that they should not take the pathway of constitutional conferences whose purpose may be to make a brand new constitu-

tion for this Empire. Let the process continue to be a process of growth and evolution. Do not let us get into the machinery and seek to hammer nails in here and there and erect something of the nature of the constitution of the United States, for the Empire of which we are a member. However, if the government decides otherwise. I shall place no captious obstacle in their way. If they decide that the part of wisdom is to bring about a constitutional conference, go ahead. I would prefer they should be in the discussion rather than I myself. Evidently they will be slow in coming to such a decision. They went through the conference of 1923 and never brought the question up, and I venture the prediction that they will go through another conference, if they ever live to see one, and they will not advance a proposal for a constitutional conference even then.

Now it is stated that Mr. Ramsay MacDonald clearly understands and approves of the present position of this government. Well if he does, it is in one of those secret communications which we are not allowed to see. I have not read anything from his public utterances that intimates that he either understands or approves of it. He is bewildered. Every utterance he has ever made shows that he is bewildered, and does not know what we want. No one connected with the negotiations would know what we wanted or where we were. The Minister of Justice says Mr. MacDonald is the heir of circumstances; and is not at fault because he found things in the muddle they were. Yes, he is the heir of circumstances, may be the heir of blunders, but the blunders he is heir to are the blunders of this government. He does not complain himself that he is heir to any blunders of any former British government. You do not find him complaining of the message in September 1922. You do not find him complaining that Britain's stand was not consistent from beginning to end. On the contrary he has made no complaint in relation to the conduct of Great Britain towards Canada. The blunder he complains of is the blunder which is embodied in this whole correspondence, which from beginning to end on the part of this Dominion is a masterpiece of turgidity and evasion.

Mr. MACKENZIE KING: I recognize that there are many hon. members in this House who would like to speak in this debate, and I do not propose to follow my right hon. friend's example and take up most of the time of the House at this hour. However,

[Mr. Meighen.]

I cannot afford to let pass a remark which he has made that the government, by the course it pursued in 1922, which I think he describes as crouching and cringing, had helped to embarrass the British government at a critical moment when it was facing the grave possibility of war. I must thank my hon. friend for raising the question of what happened in September, 1922, because I think it is well that not only the members of this House but the people of the country should appreciate just exactly what took place at that time, the attitude which was taken by this government and the probable attitude which would have been taken by my right hon. friend had he been in office at that particular moment.

I think it was on a Saturday, the end of the week, without any previous word whatever to members of the administration, that there appeared in the press of this country a communication purporting to have been sent by the British cabinet, asking if Canada would associate herself with the British government in sending troops to the Near East to meet the Turks in a possible conflict. That was not an ordinary dispatch. That was not a communication that could be received lightly by any government or dealt with in an offhand manner. It stirred this country from one end to the other with excitement and with questioning. The government, before indicating what position might be finally taken in the situation, asked the British government first by what particular authority or means it came about that this dispatch should have been given to the press before it was conveyed to the Canadian government; and also asked for exact information with regard to the situation in the Near East. At the time the government asked for exact information we intimated that, in regard to the sending of troops to the Near East to take part in any conflict there, the British government should know at once that parliament would have to authorize a contingent of the kind, and that before the government could speak in the name of parliament, or before the government would feel justified in summoning parliament, we wished to know from the British government whether the situation was sufficiently critical to warrant summoning parliament for the purpose of considering that message.

I ask hon. members of this House if that was not the proper, correct and, indeed, the only right attitude for the government to take. Happily, we are able to appeal to the facts of the situation. We are able, now, in the light of the history of events, to say

whether the government took or did not take the right attitude. What happened? Very shortly after that communication had been sent out in the supposed name of the British government, it was denounced by the one who himself became the next Prime Minister of Great Britain; it was denounced by other members of the British cabinet the Coalition cabinet of the day, as having been sent out without any authority. The Right Hon. Lord Curzon, Minister of Foreign Affairs, to whom my right hon. friend has been referring to-night, in one of the strongest of his public statements said that no such communication should have been sent to any of the British dominions; that it was not justified; that it was precipitating a very dangerous situation. More than that, the late Prime Minister, Mr. Stanley Baldwin, led an opposition against the then government of which he had been a member, very largely on account of that very communication and through the general election in which the appeal was made to the British electorate by Mr. Stanley Baldwin and by the late Mr. Bonar Law, the charge against the Lloyd George-Churchill administration of the day was that by their action they had almost precipitated the British nation and the British Empire into another war; they asked the people of Great Britain whether they approved an action of that kind, and the people of the British Isles showed by their verdict in no uncertain terms that, if possible, they wanted an end put to jingoism.

My right hon. friend says: Canada's action embarrassed the British government because no answer was sent. What has he to say about South Africa? South Africa never even answered the communication. It was said that the Prime Minister, General Smuts, was away somewhere, many miles from the capital; that he knew nothing about the matter. He returned a fortnight after the communication was sent to South Africa and then replied that he was happy that the situation was now ended and that there was no need to reply. Does my right hon. friend also condemn South Africa's stand? Why does my right hon. friend condemn his own country always and have nothing to say as regards other parts of the Empire which have taken identical action, or if not identical at least, not as helpful? We said that we would place before parliament the facts and let parliament decide. We took the responsibility. Ours was the responsibility for summoning parliament. Ours was the responsibility also for refusing to summon parliament. We had to have information to decide how we should act in the light of our responsibility. Had we summoned parliament without information, had we called together the members from one end of this country to the other only to tell them when they met, that this dispatch had never been authorized by the British cabinet, we would have been in a fine position as a government. My right hon. friend would have had a glorious time condemning us then. We took the right, sober, sane, dignified and proper attitude of asking for information so that we could decide like reasonable, careful and thoughtful men what it was right and best to do in a very serious situation.

I may say to my right hon. friend that I have been told by members of the government of which Mr. Churchill was a member that that communication was not authorized on the part of the cabinet. That shows one of the reasons why this government or any government that may be in office in this country at any time will do well to examine critically and get exact information before committing the whole country to an attitude which may involve the country in war. More than that I have been told by Mr. Churchill himself that the communication was never intended for Canada; that it was a communication intended for Australia and New Zealand because of their special interest in the Near East, and that it was only an after-thought on his part which occasioned the sending of this communication to Canada. I make that statement publicly, because I think Mr. Churchill would be the first one to be prepared to have it so made. Indeed, he gave it to me as an explanation of what he remarked himself must have seemed to us an extraordinary circumstance, namely that such a communication should have come in the way in which I have just referred. The Prime Ministers who were present at the Imperial Conference were told in most unmistakable language that as regards the British government this communication was an unauthorized communication. Yet my right hon. friend says that we adopted a crouching and cringing attitude because we did not shout "ready, aye ready", and were not prepared to enter into a European conflict without weighing carefully the consequences of our attitude and our words.

My right hon. friend in condemnation of our attitude, quotes from the Globe the statement that the then situation was to allow "the bestial Turk to return to Europe across the Straits." I think those were the words he used in saying that we should have got into this situation and prevented "the bestial Turk" from returning across the Straits.

Mr. MEIGHEN: Those were the words the Globe used.

Mr. MACKENZIE KING: Yes, and my right hon. friend used them in condemnation of the government. For what is this treaty he is saying we ought to approve to-day? It is amongst other things to see that "the bestial Turk," to use the Globe's words, is kept in Constantinople, is kept in Europe. It does not matter to my right hon. friend what the merits of the case are, whether it is the bestial Turk in Europe or out of Europe; it is just a question of what government happens to be in power when these particular questions are being discussed. He is in any great question of this kind prepared to condemn the government's attitude regardless of what side we take. I think there are other observers who have a right, perhaps, to be quoted with just as much authority as the Globe in the article to which my right hon. friend referred. A minute or two ago, the hon. the Minister of Justice (Mr. Lapointe) quoted an article which, I think, was published with very good authority, an article written and signed by Lieutenant-Colonel John Bayne MacLean, Editor of MacLean's Magazine, and I think hon. members know that Mr. MacLean is not a supporter of this administration. The article appeared in the November 1922 issue. What did Mr. MacLean say, using his own words:

> Some men, not Canadians, who have unusually good resources of world-wide information, whose judgment is generally sound and whose views are held in high esteem, are positive that had our premier succumbed to the Lloyd George-Churchill demands, preceded as they were by propaganda and scheming for Canadian participation, the British Empire would have undoubtedly have been at war now with Turkey, Russia and perhaps India, Afghanistan, Persia and God knows who else or what the end would have been.

This is the position that Lieutenant-Colonel MacLean takes in regard to a hair-breadth escape, as my right hon. friend says, which the world had from war at that time.

Mr. MEIGHEN: I referred to Lord Curzon's remarks in regard to a hair-breadth escape. Does my right hon. friend believe that that is a correct diagnosis of the situation by Lieutenant-Colonel MacLean?

Mr. MACKENZIE KING: I believe that the attitude which Canada took at the time—

Mr. MEIGHEN: I am not asking that.

Mr. MACKENZIE KING: —had a very wholesome and restraining effect at a very critical moment, and no one can say that the attitude of Canada at that time did not avert a war in the world then. I do not go so far as to say that it did, but I will go so far as to say that such is the opinion pretty generally held by some of the best informed persons in Great Britain at the present time.

Mr. RENE MORIN (St. Hyacinthe-Rouville): Mr. Speaker, it is my misfortune to rise to take part in a debate so far monopolised by the best debaters of this House, but I hold, on this question of our relations with the Empire, views which it is my privilege to be able to express in this House. The self-governing dominions were not invited to send delegates to the Lausanne conference. This was a departure from the practice adopted at the Versailles treaty and followed in the covenant of the League of Nations and at the Disarmament conference at Washington. The question now is whether Canada, having taken no part in the negotiation of this treaty nor signed it by her representatives, as distinct from those of Great Britain, should ratify it. It is a question which pertains to the constitutional law of Canada; but one would delve in vain into the British North America Act and the other Imperial acts concerning Canada, passed since 1867, to find texts or some authority to enlighten him on the subject. There is fortunately another source of our constitutional rights; it is the precedents. It is stated in the preamble of the British North America Act that the constitution of Canada is based upon the British constitution, which, as you all know, is an unwritten constitution, having its main foundation on conventions, usages and customs. Though the constitution of Canada is mainly found in the British North America Act, none can deny that, since confederation, it has in many respects been altered and modified, and that many of the rights and liberties which we enjoy to-day have no other foundation than usage and custom. It is a fact that we now enjoy rights and powers which were not granted to us by our constitution, which we did not think of claiming or exercising some years ago, but which are now as fully acknowledged as if they had been granted by a precise text of our constitution. In other words our constitution has this analogy with the unwritten constitution of Great Britain, that as in Great Britain, a right repeatedly asserted, exercised and acknowledged becomes vested with us as fully as if it was embodied in our constitution. Our constitution is therefore based to some extent on precedents and it follows, necessarily, that precedents, once established, must be lived up to or followed, otherwise they will annul each other and this important element of our constitutional development will atrophy or vanish.

Permit me, sir, to shortly relate the gradual evolution of our constitution in our international relations. Nowhere are the develop-

ments of our constitution, as founded upon precedents, more striking than in this domain.

At the time of confederation it was Great Britain which, alone and without consultation with Canada, made all commercial and political treaties for Canada. That is the original stage. A first step forward was made when in 1871 Sir John Macdonald was appointed as a delegate to act, jointly with four other British plenipotentiaries, in the negotiation of a treaty with the United States. He was on an equal footing with his colleagues, but being one out of five, his participation was rather nominal; and if you look into his correspondence of that time, you will find that he had many complaints to lay against his colleagues and against the system.

By 1880 it is claimed by Professor Keith, a noted authority on constitutional law, the principle was secured that new commercial treaties of the United Kingdom should not be made applicable to the colonies without assent of their respective governments, and that if a colony desired to conclude special arrangements with a foreign state, the Imperial government would use its efforts to secure a treaty to that end. It was conceded a little later that delegates of the colonies might be appointed for the negotiation of treaties of commerce for them; but these delegates were to act merely as advisers of the Imperial plenipotentiaries or in a subordinate capacity.

In 1894 at the Colonial conference which was held at Ottawa a resolution was passed asking for legislation to enable the dependencies to enter into agreements of commercial reciprocity with foreign nations, but this demand was rejected in the dispatch of Lord Ripon, dated the 29th of June, 1895, where he laid down the rule that all such negotiations must be conducted by His Majesty's representatives at the court of the foreign power, but that this Imperial representative might enlist the assistance, either as a second plenipotentiary or in a subordinate capacity, of a delegate appointed by the colonial government.

The first departure from these rules occurred in 1907, when, for the first time in our history, the negotiations of a treaty of commerce with France were conducted solely by the Canadian representatives and full powers were issued by the Crown to these two plenipotentiaries alone; the participation of the British ambassador being restricted to the introduction of the negotiators and to the signing of the treaty, though the ratification by the British government was yet required.

This is the third step in the development of our constitutional right to deal with foreign nations. These negotiations were first carried on by the Imperial government alone; later Canadian delegates were appointed but as advisers or in a subordinate capacity, and now they are allowed to carry the negotiations themselves, though under powers derived from the Crown.

A further step was made when in 1910 a convention was entered into between Canada and Germany, the negotiations being carried on by Dr. Karl Lang, Imperial German consul for Canada, representing the imperial government and the Minister of Finance (Mr. Fielding), representing His Excellency the Governor General of Canada, acting in conjunction with the King's Privy Council for Canada; such being the description of the contracting parties in the agreement. This agreement referred however to trade conventions which were to be given effect to by concurrent legislation in both countries.

The most radical alteration, however, occurred after the war, when the prime ministers of the self-governing dominions claimed the right for each dominion to be represented at the negotiation of the treaties which followed the war by its own delegates, appointed by the Crown acting as to each dominion on the advice of their respective cabinets. As a consequence, at the Peace conference, each dominion was represented by delegates appointed by the Crown acting on the advice of the local cabinet, each one acting for his local government as a separate unit. The same procedure was followed at the Washington conference.

This evolution which I have tried to retrace marks for Canada a most important constitutional development, which has no other foundation than precedents.

In view of these constitutional developments, I claim that this treaty in so far as it purports to impose obligations upon us, is not legally binding without ratification.

I claim moreover that if Canada were to ratify the treaty of Lausanne, a treaty negotiated only by British plenipotentiaries, who were without mandate of any kind from the Canadian government, the authority of all these precedents would fall to the ground, and moreover that it would establish a new precedent enabling the Imperial government to hereafter negotiate treaties for Canada and impose obligations upon her without her participation and without her consent.

Some will say that Canada does participate in the treaty by being called upon to ratify

it. In the circumstances under which this treaty would be presented for ratification to the Canadian parliament, every one knows that it would be a mere camouflage, that it would be simply a nominal formality, because we would not be at liberty to modify it, and at no time would we ever have been in a position to present our views on its terms. Therefore if this treaty was tabled for ratification, the action of this House would be a mere rubber stamping. I submit that we have passed this stage and that if we want to preserve the constitutional freedom which our past statesmen have conquered for us, we can only look upon this treaty as non-existing.

The Imperial conference of last fall laid down rules concerning our international relations. These rules did not create a new order of things; they did not effect a change of our status; they were merely the formal statements setting forth a change of status already effected, they prescribed the formalities which should be followed as a consequence of this change of status. Resolution No. 2 states:

> Where a bilateral treaty imposes obligations on more than one part of the Empire it should be signed by one or more plenipotentiaries on behalf of all the governments concerned.

Resolution No. 3 provides:

> As regards treaties negotiated at international conferences, the existing practice of signature by plenipotentiaries, on behalf of all the governments of the Empire represented at the conference should be continued and full powers should be in the form employed at Paris and Washington.

A ratification of the treaty of Lausanne would not be in conformity with these rules; it would be a disregard of them on the very first occasion after they had been formulated. No one was authorized to negotiate this treaty for Canada or to sign on her behalf —a breach of both these rules. It follows that for Canada to ratify this treaty would be to sanction their violation.

If we want to preserve the new status which has been acknowledged to us, it is for us to see that this status be recognized by foreign nations. This constitutional freedom in international relations, acknowledged as belonging to the British self-governing dominions by the treaty of Versailles, received a most formal sanction in the covenant of the League of Nations, where these dominions were admitted into the League as separate states, on the same footing as the small independent nations, and were allowed in the assembly of the League their own representatives, in the same way as all the other members of the League whose sovereignty was not controverted. It may be said that from that moment the distinct status of the self-governing dominions and the autonomy in internal and external affairs were proclaimed throughout the British Empire and throughout the world at large. It would seem to me unconceivable that a British dominion like Canada, admitted into the Assembly of the League of Nations with the representation and with the powers of the fully sovereign states, called upon to pay her full share of the cost of maintenance of the League and empowered to participate in the settlement of the most contentious and portentous world problems, should yet remain unable to control her own external affairs. Within the British Empire the situation is fairly well understood; there is no friction, and no fear of difficulty arises; but many of the foreign nations have yet failed to grasp the full sense of this constitutional development, because this freedom which we enjoy now is veiled by a mesh of formalities based on tradition and on the ties which bind together the commonwealth of the British nations, of which history has no precedent and which had not been foreseen by international law.

Now, therefore, the problem for the British Empire and for these self-governing dominions is to acquaint foreign nations with this new situation, with the changes that it carries with it, and to obtain for each of these new states the recognition of this sovereignty, which, in their relations with foreign nations, must be complete and unfettered, and yet, towards the British Commonwealth, remains subject to the limitations which an association or a partnership imposes upon its members in their relations between themselves. In order to obtain the world wide recognition of this new autonomy, it is essential that Canada in her dealings with foreign nations act in accordance with her status now claimed. It is only by seeing Canada and the other self-governing dominions act as separate entities and under their own authority that foreign nations will grasp the significance and the importance of the change which has occurred in our status, and will be brought to recognize and acknowledge our present freedom.

Already this assertion has been justified by the attitude of the American Senate. One of the grounds of objection of the United States to the League of Nations was the admittance of the British dominions on the footing of the independent nations. The American senators had failed to understand the importance of the change which has occurred in the constitution of the dominions,

but if Great Britain and the dominions did not claim that since their participation in the war the dominions had acquired equality of status with fully sovereign nations, and if they did not conform all their actions to this new status, the argument of these senators would be unassailable. Under these circumstances the dominions in their dealings with foreign nations are bound to base all their actions on this new status. In many cases they might, with confidence and advantage, trust the British Foreign Office to take good care of their interests, but nevertheless, on account of the misunderstanding it might create in the minds of foreign nations, they must in all cases live up to their new status. They cannot claim that they have acquired certain rights and yet act as though they did not possess them, because other people will judge them more by their actions than by their words; therefore their actions must conform to their words. If Great Britain is to continue to make treaties for them, as she did fifty years ago, who will believe that they enjoy the right to make them for themselves?

If after having claimed and obtained the right to make our treaties or to participate in the treaties which may impose obligations upon us, we ratify this treaty, we will be proclaiming to the world that the government of Great Britain is still the superior authority which makes treaties for us, we will be giving away our right to make treaties in matters which concern us, we will be assuming obligations contracted for us, without mandate; in international matters it would put us back in the position we were in fifty years ago. Of course I agree that a person enjoying full civil rights may ratify deeds done for him by others, but we are in this peculiar position, that our enjoyment of sovereign rights is not yet fully recognized by foreign nations, and, under these circumstances, our ratification would be looked upon as a denial of our claims. It is true that our relations with Great Britain might not be affected and that it might not be regarded there as an abandonment of our rights, but would not the effect on foreign nations be totally different, would it not postpone for decades and decades the acknowledgement of these rights by them?

Besides Great Britain and Turkey, there are other nations interested in this treaty; there were obligations contracted by all the participating nations. None of them asked for our participation. How then, can they expect that we will now take up our share of the burden of these obligations for their benefit and to their partial relief? Great Britain might wish us to assume our share of responsibility in this matter, but it is a matter to be settled between ourselves. We do not need for that purpose to ratify the treaty, and by so doing to assume obligations toward other countries.

It has been said that as Canada was informed of the progress of the discussion at the conference and did not raise any objection, she is now bound to ratify the treaty. It seems to me an erroneous conclusion. To be informed is not to be consulted. It was proper that we should get this information on account of our association in the commonwealth of British nations, but, as we were not represented at the conference, as we were not a party to the treaty, we presumed that no one intended to impose obligations upon us when not asking for our participation in the negotiations, and it cannot follow that on account of this information we are now bound to ratify the treaty.

The effect of the treaty is to establish peace between Great Britain and Turkey and as a consequence between Canada and Turkey. It is argued from this that it is better for Canada to ratify the treaty and so have a hand in the making of the treaty of peace than to let the British government make peace for us without our participation. This argument does not seem sound to me because it confuses the international point of view with the constitutional one. From the international point of view there is no doubt that the signature of the king to the treaty or to its ratification establishes peace between Turkey and the whole of the British Empire, but the question of our liability for the obligations assumed by Great Britain under this treaty is not an international one; it is merely a constitutional one and it behooves us to repudiate this liability or to fix its limits. Now there is no reason in the world why we should assume obligations under this treaty. It was considered from the beginning that Canada had no claim to make nor interest to protect, she was not invited to the negotiations, she was not consulted; no general Imperial interests were at stake; and under such circumstances there is no need to ratify it.

Let me say, Sir, in conclusion, that if it is better to withhold this ratification, it is not on account of the actions of Great Britain, it is not because we are not satisfed with what the British plenipotentiaries did at that conference; it is because we object to be subject to obligations which were not contracted by us; it is because it is not wise, after having proclaimed to the world our new status, after having been ad-

mitted to the League of Nations under this new status, that we should act as if we did not possess the rights and liberties which it entails.

We owe it to our dignity to point out to the American senators and to the world at large that in her relations with foreign nations Canada recognizes no obligations but those she contracts herself. The equality of nationhood between Great Britain and the self-governing dominions has been proclaimed to the world, not only by dominion public men but by the political leaders of Great Britain. In the words of Lord Milner:

> There is no kind of authority which in practice, whatever may be the theory of the constitution, the parliament and people of the United Kingdom claim any longer to exercise over the parliaments and people of the self governing dominions—

We have accepted these declarations not with a feeling of mere national vanity, but as an acknowledgement of our majority, as putting an end to any bond of inferiority or subordination in our relations with Great Britain and with foreign nations; and this equality of citizenship, this equality of nationhood, which are the appanage of all freemen worthy of the name, must be cherished, must be guarded, must be secured and cannot be hampered by the submission to obligations contracted without our participation.

Mr. WILLIAM IRVINE (East Calgary): Mr. Speaker, I do not like the roundabout way by which we have at last arrived at a discussion of the Lausanne treaty, but it is possible that this roundabout way is symbolic of the manner in which, it is asserted, Canada will be held responsible by the obligations which the treaty of Lausanne itself involves. It is symbolic also of the anomalous position which Canada, budding into nationhood, finds itself in in the barren fields of imperialism. However, I welcome the opportunity of discussing our position and our status, no matter by what parliamentary circumlocutions it has come to us. I welcome it because the problem before us is fraught with tremendous possibilities for the future of our country. If it were not so I would not at this late hour inflict upon this House a lengthy speech. But I should like to add a word or two as to the character of the debate thus far and in particular as it has been carried on between the Prime Minister (Mr. Mackenzie King) and the leader of the opposition (Mr. Meighen).

May I offer this impression which I have received, without presumption and without appearing in any way to offer advice to right hon. gentlemen who have held responsible positions and have reputations internationally as statesmen? But they have given me the impression that each was afraid lest some imagined political prestige might be lost in this discussion. I do not suppose for a moment that that was the opinion they had or the motive which actuated them, but it appears to me that the great point of the discussion has been missed. The right hon. gentlemen will agree with me that neither this present government nor the leader of the opposition is to blame for the anomalous position in which Canada finds herself. I think they will be ready to agree that the position in which we are now placed has come to us in the process of our evolution from colonial status to the status of an independent nation. Had this been made clear, and had the right hon. gentlemen referred to tackled the real problem they would have done better service.

Of the treaty of Lausanne itself little need be said. When it was presented to the British parliament a short time ago by Right Hon. Mr. Ponsonby, he presented it, if we could gather his sentiments from Hansard, as a matter of stern duty. He had no good words to offer in its favour. The right hon. gentleman who spoke in favour of the treaty, and who was in the party in power when the treaty was negotiated, offered what was more of an apologia than a paean of praise in favour of the treaty. And then the Right Hon. David Lloyd George, in his characteristic way, speaks of it as a terrible treaty, a humiliating treaty, a cowardly treaty, a calamitous treaty. And yet this is the treaty that the right hon. leader of the opposition still expresses his willingness at this late hour to ratify, if only the government will make the motion! But I say we are not discussing the contents of the treaty itself, though if I were as ready to ratify it as some hon. gentlemen of this House are I would be inclined to read it—to study the various clauses of it. But as Canada was not consulted in the matter at all; as she had nothing to do with signing or ratifying it, we can dispense with the discussion of the treaty itself and consider rather the principles to be followed in making future treaties so far as Canada is concerned.

It will not be denied, I think, that our present position in this regard is a deplorable one. I should say that the position of the foreign policy of Canada, if it be correct to speak of Canada as having a foreign policy, is a laughing stock to the other nations of the world. Yet again the right hon. leader of the opposition says, in substance, that the

strength of our Imperial relations consists in their very nebulosity. Simply because nobody understands them, simply because nobody can explain what they are, therefore our position is all the stronger. I have been trying to gather from the remarks of the Prime Minister and from the speeches of the leader of the opposition what our position really is, if we could only name it or say
12 m. what it was that would be some comfort. There seem to be two positions, one advocated by the Prime Minister and the other by the leader of the opposition. So far as I have been able to follow the Prime Minister's position, I would say it consists in this: To say that we are free of the obligations of the treaty, knowing very well we are not free, but bound by it. On the other hand, the position of the right hon. leader of the opposition is clear. I do not think there is any hon. member of this House that failed to understand precisely what he means. He seems to agree that we are bound, he seems to be satisfied to be bound, and would seek to impress Canada's viewpoint on Imperial policy. That is a clear position, but in my opinion a hopeless one, and I shall endeavour to give some reasons for my view in that regard.

International relations, and diplomacy and policies regarding these, have assumed an importance in the public mind unprecedented in our history. Diplomacy has been seen, at least since the Great War, as the incubator of war, and the secrecy with which it has been conducted in the past has added much to its menacing character. Foul policies have seemed to thrive best in the dark, and because of these realizations, statesmen are being forced by the change in public opinion to inaugurate a corresponding change in diplomatic policy. Mr. Ponsonby, the Under-Secretary of State for Foreign Affairs in Great Britain, recently declared in the British House of Commons what is to be the policy of the Labour party with regard to diplomacy and foreign relations. I shall quote a few lines from the British Hansard in which he deals with this matter. He says:

> As matters now stand there is no constitutional obligation to compel the government of the day to submit treaties to this House before ratification, except in cases, such as the Treaty of Lausanne which is now under review, where a bill or financial resolution has to receive parliamentary sanction before ratification. But as a rule formal publication of a treaty does not take place until after ratification unless parliamentary action is necessary with regard to it. I need not weary the House with the many instances of important treaties which have been signed, sealed, and ratified before this House has been afforded an opportunity of discussing their provisions.

Then he presents what henceforth is to be the policy of the Labour party. He says:

> It is the intention of His Majesty's government to lay on the Table of both Houses of parliament every treaty, when signed, for a period of twenty-one days, after which the treaty will be ratified and published and circulated in the Treaty Series.

That is the policy of the Labour party of Great Britain. Is it possible for Canada to find some policy that will be in keeping with the progress made in international affairs in our time, and that will be as dignified and as creditable to Canada as a nation as the position taken by Mr. Ponsonby is to Great Britain? It will be agreed readily that only in the manner in which Mr. Ponsonby intends to deal with treaties is it possible to prepare the public mind for any contingency which might possibly arise out of international agreements. When we have a war foisted upon us out of the dark, not knowing anything of the conditions which preceded it, knowing nothing whatsoever of the international arrangements and diplomatic juggling which took place prior to the declaration of war, we have to create a war psychology, and the only way we can do it is by an appeal to falsehood, and all nations, I think, utilized that very largely in the last great war to create a psychology which would enable the people to keep on fighting.

Now, what step may Canada take towards a similar policy to that which has been outlined by the Labour party of Great Britain? It is true, of course, that the Prime Minister of Canada has often declared his adherence to such a principle as I have just announced as being the policy of the Labour party of Great Britain. I wish to take this opportunity to compliment and to congratulate the Prime Minister for his action regarding the Lausanne treaty. I am in this happy position that I did not hear his speech this afternoon. I say happy, because after listening to the criticism of hon. gentlemen who did hear it, I am afraid if I had heard it I might not have been able to pay him the compliment I am now going to pay him. His attitude towards this treaty, and his efforts to clear the feet of the Dominion from its entanglements, have been in every way honourable and courageous, and in all the published correspondence he has stood true to his own announced principles in dealing with international affairs. In so doing he has, in my opinion, expressed a democratic ideal for all Canadian statesmen. I am referring to the published correspondence which has been laid on the Table of the House, but I have been given to

understand that there is some secret correspondence which has not been tabled, and it may be that the published messages which have inspired me to pay this compliment were merely those which were presented for popular consumption, and that there are others yet hid from mortal eye which, if revealed, would compel me to alter my opinion of the actions of the Prime Minister. I hope that we shall be able to go this far in the future, at least, that we shall not tolerate any such secrecy as I understand the Prime Minister suggested exists at the present time between Canada and the Imperial government. But assuming that there is no such secret correspondence which could not bear the light of day, and assuming that the Prime Minister, in taking the attitude which he has taken, has expressed the democratic viewpoint of the people of Canada, let there be no mistake, either on the part of this parliament or on the part of the people of Canada in connection with this matter: Neither a refusal to ratify this treaty nor the Prime Minister's declaration of principle will save us from being called upon to meet the obligations of this country in the case of the violation of the Lausanne treaty by any nation concerned in the future. But what we shall do when called upon is another matter. The Prime Minister's action, as shown in the correspondence referred to, undoubtedly relieved Canada from any moral obligation, but it does not relieve Canada from a constitutional obligation. Under the present arrangements, as has been very ably pointed out by the hon. member for West Calgary (Mr. Shaw), it is the exclusive prerogative of the king to sign treaties and declare wars. In the very case which made the Lausanne treaty necessary, His Majesty the King declared war on Turkey, and in declaring war on Turkey, Canada also was in a state of war with Turkey. If we are not now at war with Turkey, then it must be that peace has been arranged by the very same authority that arranged the war. If we are going to repudiate the obligations of the Lausanne treaty, I suppose that means disloyalty to the king and the disruption of the Empire. That, as I am able to understand it, is the reason why the Prime Minister says we are bound by this treaty. But our position with regard to the Lausanne treaty, complicated though it is, is much better than that respecting other treaties which we have not discussed and other treaties which will be made in the future. Take for instance the treaty of Versailles, and clause 10 of the League of Nations; these are perhaps fraught with much more danger than the Lausanne treaty ever will be.

[Mr. Irvine.]

I say that the position with regard to other treaties is worse, because in connection with other treaties Canada is supposed to have been consulted. Canada has signed some of those treaties and ratified them. In the case of the Lausanne treaty we have at least declared our position in relation thereto. But the danger with regard to subsequent treaties that may be made, and with regard to other treaties that have already been made, is that it will be presumed that Canada has been consulted that she understands the situation appertaining to these treaties, and as a result will be in a position to accept intelligently the obligations which may appertain thereto which is not really the case, Now a consultation which implies obligation, as the Right Hon. Sir Wilfrid Laurier put it once, is the policy of the imperialist, and it is now involving Canada. This is a policy which marks at least part of our movement from a colonial status. It is a sort of halfway house between colonial bondage and national freedom, and it is this policy of consultation that the right hon. leader of the opposition wishes to sustain, and seemingly thinks is a good policy for Canada to continue to follow. I propose to show that this policy of consultation with the dominions in matters international is, first undesirable, second impracticable, and third absurd.

Mr. MARTELL: If a treaty ratified by the British parliament were to be binding upon Canada, would the hon. member not say that if we refused to accept the treaty after it had been ratified by the British parliament and become a law applicable to the whole Empire, it would be tantamount to a declaration of independence?

Mr IRVINE: I do not see what relevancy the question has to a point I was trying to discuss. I would agree with my hon. friend that to declare our independence by refusing to abide by a treaty in the way he suggests might be interpreted in some quarters as disloyalty.

Mr. MARTELL: I am loyal to the Empire, but the hon. member is not.

Mr. IRVINE: I was simply trying to answer the question. If the hon. member would tell the House what he thinks about it when I am through, and not interrupt me while I am developing my argument, I think it would be more satisfactory both to my hon. friend and myself.

Mr. MARTELL: By arrangement the hon. member got the floor ahead of me.

Mr. IRVINE: That was a very wise and satisfactory arrangement.

My first point is to show that it is undesirable to accept the policy of consultation. At the best the policy of consultation brings to Canada such information as she may get in a second-hand way. It comes from the nation concerned through a foreign office and thence to Canada, when it does come. In passing through that channel it will be necessarily coloured with certain sentiment. It will be coloured with a certain British viewpoint, and when it reaches us it will not be just exactly what it was when it started from its main source. I do not think it is fair to Canada and I do not think it is dignified for us to be satisfied with receiving second-hand information through the admirable channel of the Foreign Office of Great Britain. If we are worth consulting at all, if we are of any value either to the nation with whom Great Britain may be in consultation, or to Great Britain, or if they are of any value to us then let us have that consultation direct with the nation concerned. Let us come to our conclusion upon whatever matters may be of mutual interest between us and other nations, and then co-operate with Great Britain afterwards, instead of having a second-hand roundabout way of bringing information to Canada. It is misleading to suggest that, simply because we are called into consultation, we have acquired a status of equality. This is the chief reason why I think the policy of consultation is undesirable. It is misleading. It is not the case that consultation means equality, but here is another reason why it is undesirable to pursue this policy of consultation. I do not think that Canada wishes to be inoculated with the inbred and chronic political diseases of Europe. True they tell us the world is a unit, that as such we must recognize it, and as a nation we must be prepared to take our part in it, but the answer to that is obviously this; that it is just because the world is not a unit that treaties of the character of the Lausanne treaty have to be made.

Another reason why this is an undesirable policy is that it takes our ministers out of Canada sometimes for three months, and during that time they are not in a position to attend to their own governmental affairs. If it is imperative that Canada should have a foreign policy, then by all means let us have that foreign policy on our own behalf, as we see fit to have it, and have direct communication with the nations concerned. There are two means of performing this policy of consultation in practice. One is by cable and the other is by conference. I wish to deal with these separately and to show that both are impracticable. With regard to the impracticability of this method, let me quote from the proceedings of the conference of prime ministers held in June, July and August of 1921, from the opening speech of the Right Hon. David Lloyd George, and here I think he lays down the basis of the policy. He says:

> The direct communication between Prime Ministers, established during the war, has, I think, worked well, and we have endeavoured to keep you thoroughly abreast of all important developments in foreign affairs by special messages sent out weekly, or even more frequently when circumstances require. Indeed, at every important conference either here or on the continent, one of the first duties I felt I ought to discharge was to send as full and as complete and as accurate an account as I possibly could, not merely of the decisions taken, but of the atmosphere, which counts for so very much. I have invariably, to the best of my ability, sent accounts, some of them of the most confidential character, which would give to the dominions even the impressions which we formed, and which gave you information beyond what we could possibly communicate to the press.

It is rather a strange fact that at this very conference the prime ministers who had been so well informed according to the statements of Mr. Lloyd George, expressed surprise, almost to the state of consternation, at the information which Mr. Lloyd George was able to give them as to what had taken place in the two previous years. Let me quote our own Prime Minister at that time, the present leader of the opposition. who, I notice, is not in his seat. He says:

> The information that the Prime Minister has given as to the progress of peace negotiations, or rather the re-establishment of actual peace upon the basis of the peace treaties, is indeed encouraging. I feared myself that he would not be able to make quite so gratifying a report.

Seemingly Mr. Lloyd George brought some information that the leader of the opposition was unaware existed and that made the report very much better than he thought it could possibly be. Let me quote briefly from Mr. Hughes. He said:

> I desire to congratulate you on the admirable view of the position that you presented to us yesterday. I am sure it was most valuable as well as most interesting. We were all very glad to learn from you, Sir, that though the adjustment of those matters which arose out of the war is not yet complete, all our obligations, and our ex-enemies' obligations under the treaty, were in a fair way of being fulfilled.

He goes on:

> We are now asked to deal with foreign policy, and in order that we may do this, you have said that Lord Curzon would review the present situation of foreign affairs. We shall await that statement with great interest. The whole Empire is concerned in foreign policy, though this was for many years re-

garded as the sole prerogative of Great Britain. Wars are hatched by foreign policy.

And so on.

I speak only for myself, of course—I am sure you will quite understand our desire to know the reasons for your policy in Mesopotamia, in Palestine, in Russia, in Egypt, and your policy in Greece and Turkey. If I have singled these things out it is not because they cover the whole field of foreign policy, but because these matters are perhaps the most obvious.

In spite of all the information Mr. Lloyd George had sent to the various prime ministers, here was a prime minister who says that he was very anxious to know what had been and what was to be the policy with regard to Mesopotamia, Palestine, Russia, Greece and Turkey, and these he had selected merely as samples. Then he proceeds:

I come to one now.

Speaking of some objections he wanted to raise.

You yourself said yesterday, Sir, that direct communication between the Prime Minister of Great Britain and his colleagues overseas had worked well. So it has; that is to say, the principle has worked well; but I think I ought to tell you, Sir, that it is rarely that one does not read in the newspapers, sometimes a day, sometimes more than a day before receiving your telegrams, a very good imitation of their substance. This arises through the great delay in the transmission of messages.

May I recall to the memory of the committee the answer given by the Prime Minister of Canada to a question put by my colleague (Mr Woodsworth), I think it was in February, 1923, as to the Lausanne treaty? The reply which the Prime Minister gave was that he had no information but that which he received from the daily press. So, that, I think. can dispose very well of the contention that by consultation through cables Canada can be kept in touch with all matters that require displomatic action in the world of international politics.

But let me add to the opinions of the prime ministers quoted, the opinions of others. Mr. Lloyd George, in his speech of August 18, 1921, which is quoted in the London Times of the day following, says:

Communications by cable are not a means by which you can have real consultation, because you may have a particular point of view and may alter it after hearing what is to be said on the other side.

Then Lord Milner expressing his view on this matter, also published in the London Times of July 21, 1921, says:

But experience has shown that the consultation which is necessary in order to keep the different interests of the Empire in line, cannot be properly effected by telegrams and dispatches, between half a dozen different governments.

That is the position. The testimony of the Right Hon. David Lloyd George, Lord Milner, together with the confession of our Prime Minister at the conference of 1921, substantiated by the opinion of the Canadian press and by our common sense, ought to be sufficient to prove that consultation by cable in matters of international policy is folly. I have mentioned the Canadian press. Let me give the committee one quotation from the Canadian press on this point. This is from the Ottawa Journal:

The decision of the British Foreign Office, a branch of the British government, which is responsible to the electorate alone, must be final. Let us suppose, for example, that a difficulty suddenly arises between the British government and France. It is an emergency, demanding rapid decision. Does any sane person supose that the Foreign Office, compelled to act in haste, will sit idly with hands folded until it has the advice of all the dominions, thousands of miles away, and without the information necessary to form an intelligent judgment? The proposition, of course, is preposterous. In such a case, and in all similar cases, we should have no voice, even though the decision taken involved the Empire in war.

Hon. members will see very clearly that matters that are more prolonged, international matters that involve long trains of events, diplomatic intercourse and public opinion and sentiment, are even more impossible to be dealt with by means of cables than matters that require sudden decision.

Let me turn now to consultation in Imperial conferences to show that consultation is equally impracticable there. The course which seems advisable to-day on the part of any nation or of any conference might prove disastrous to-morrow and have to be abandoned. Eternal vigilance is required on the part of any nation which would keep on the top of the shifting sand heap of European diplomacy. Our imperial conference when inaugurated was supposed to meet once in four years. Now it meets when it likes. I do not think any time is definitely fixed when it shall meet. But even supposing it met annually, does any one think that the matters which it might settle at the conference can be settled finally, especially in view of the swift changing panorama of events which may force any intelligent man at the Foreign Office to take a very different action from what was agreed upon by the Imperial conference. This is not an adequate method; and it is not only inadequate but dangerous, for while it will be presumed that our ministers have considered and sanctioned the policies adopted by the Imperial government, in reality they will very likely be entirely ignorant of the decisions which may have been arrived at. Let us take an example: What of the events in the Near East which very nearly brought about another war and which we have heard so much about

to-day—the events that gave rise to the famous utterance of the leader of the opposition (Mr. Meighen) "Ready, aye, Ready"? The Armistice agreement signed between the Allies and Turkey on October 30, 1918, might be considered as a starting point from which to trace very briefly the change of events which led to the war with Turkey. Then on August 10, 1920, the Allies submitted a proposal to Turkey and Greece. This proposal intended as a peace treaty was signed at Sèvres. I am aware I have not pronounced the word correctly; but I was afraid to say it right because hon. members might have thought I was talking about a sieve. I want to comment on this matter. Is it apparent to hon. gentlemen that this was the only parliament concerned that ratified the treaty of Sèvres? The treaty itself, which I presume, we have all read, was so monstrous that no other nation would dare to put its name to it. But Canada hastened with her signature to ratify it. Now what does this indicate? It indicates to me the complete ignorance of Canadian parliamentarians of international matters.

Mr. MACKENZIE KING: Some of them.

Mr. IRVINE: It indicates to me the complete failure of this consultation policy which has been and is in practice between Canada and Great Britain. I do not of course mean to impute any weakness or lack of knowledge to Canadian parliamentarians; how could they possibly know anything about such a treaty? I will show before I am through that it is impossible for any of us to know anything about it unless we make a special study of the whole thing from sources of information other than that which comes through consultation. However, to continue with the events which led to the war. Proposals were again submitted in March 1921 and these were in turn refused by Greece, and fighting between Turkey and Greece went on. This was the situation during the sitting of the Imperial conference of 1921. But what did that conference do to clarify the situation? It did nothing, or at least if it did anything we do not know what it was. It never intimated what it had done, and so I think I am generous in concluding that it accomplished nothing. But even if it had done something, that result would very speedily have been frustrated as subsequent events would have made inevitable; for on October 20, 1921, France upset the whole international apple cart by arranging a separate peace treaty with Turkey. Then relations between France and the United Kingdom became unsettled and uncertain. Afterwards, in the following March, a new set of proposals were submitted which Turkey refused to accept, with the result that fighting proceeded between Greece and Turkey. The situation became alarming and Mr. Churchill despatched his most famous manifesto; that was the occasion on which he was very anxious that Canada should render assistance if necessary. But there was not the same anxiety to invite Canada to assist at Lausanne when they were making the treaty now under discussion; Canada was all right to do the fighting but she should have no part in the negotiations. And so followed a series of swiftly moving events. What could our Imperial conference do with a situation of that kind? It sat in 1921 when this question was acute; it saw the facts as they took place. How ridiculous it is to suppose that a policy of consultation by conferences could do anything intelligent with such a situation. I would suggest to the leader of the opposition that if he wants to adhere to the policy of consultation he arrange with European diplomacy not to diplomatize until our conference has sat upon the question concerned. That might afford some means of solving the problem. Otherwise it seems to me pretty hopeless. But let me press this point: To what extent was Canada consulted in these matters to which I have referred? What did Canada know about them? How far were we responsible for the blundering policies involved? You will find if you study this matter that the conferences were just as futile in the matters they considered as they were in the matters which they did not consider at all. As an example of that I want to place before the committee, particularly, the British policy in Egypt. I must not go into a very elaborate description of this, because of course the hour is late and no doubt hon. members are thoroughly acquainted with the matter. The policy very roughly speaking was that the protectorate should be abandoned as the result of a certain bargain which the British ambassadors sought to bring into effect.

Mr. McMASTER: With whom?

Mr. IRVINE: With Turkey. This policy of abandoning the protectorate in Egypt as a part of the bargain was agreed to by the Imperial conference of 1921. Here is the quotation from the proceedings of the conference which will substantiate that point.

Mr. McMASTER: The conference of 1921?

Mr. IRVINE: Yes.

Close consideration was given the question of British policy in Egypt and the future status of that country, and general agreement was reached regarding the principles by which His Majesty's government should be guided in the negotiations with the Egyptian delegation.

Now, the British ambassador in Turkey urged the unconditional abandonment of the protectorate. That was the position taken by Turkey, and she refused obstinately to recede from it. It transpired that the decision of the Imperial conference was disregarded, and the policy advocated by Turkey was adopted by Great Britain, the protectorate being unequivocably taken away without any bargaining. This amounted to a complete change of policy in a short space of time between that which our Imperial conference had settled so well and what it was actually necessary to do to meet a given situation.

Now, what did consultation do for us in connection with the events which brought about the war with Turkey, of which the treaty under discussion is supposed to be the end? I want to recall these events to the minds of hon. members, because they have an important bearing on the subject we are now discussing. What were the events which led up to the war between Turkey and the Allies? And was Canada consulted in respect to these events? If so, what were the consultations; where may they be found; what was Canada's advice; what was Canada's viewpoint? If Canada was not consulted, if Canada had no viewpoint, or had no means of expressing it, then let us do away with the policy of consultation which places us in such a hopeless position as that. May I put this question to the right hon. leader of the opposition—although he is not in his seat: What did he do at the conference of 1921, or what did he do as Prime Minister of Canada or as a member of the party that was in power when these events were taking place, what did he do with all the consultation that he is supposed to have had, what advice did he give, what was the Canadian viewpoint which he sought to impress on the Imperial authorities? What were the events? I am going to deal with only three of them; there are no doubt many others. I shall be as brief as I possibly can.

Mr. McMASTER: Go on.

Mr. IRVINE: It will be recalled that Sir Louis Mallet was the British ambassador to Turkey at that time.

Mr. McMASTER: What time is that?

Mr. IRVINE: This is 1914. I will give more definite dates later. Sir Louis Mallet was having a very difficult struggle to maintain diplomatic arrangements in favour of Great Britain against a very astute diplomat from Germany, acknowledged to be one of the leading diplomats of the day. I want to point out some of the events which practically wrecked all the efforts of Sir Louis Mallet to keep Turkey out of the war or to bring her in on the side of the Allies. While he was engaged in this diplomatic struggle what do you suppose took place? Well, it appears that Turkey had engaged firms on the Clyde to build two dreadnoughts, and shortly before the war one of these was about ready to be launched and the other one was not so far advanced towards completion. On August 3, 1914, Sir Louis Mallet received a message from Sir Edward Grey indicating the intention of the British government to appropriate these two ships. The British ambassador sent back a reply the same day indicating that Turkey would look upon such action as unfriendly, and impressing upon Sir Edward Grey and the British government that in the building of these warships a very heavy financial responsibility had been undertaken by the Turkish people in consequence of which they were all extremely interested in the battleships and were looking forward to their delivery. In this way he sought to change the viewpoint of the British government. On August 9 the ambassador telegraphed again asking if Turkey could have the assurance that the ships would be returned after the war, because he thought that if such an assurance were given it would possibly have a soothing effect on the rising wrath of Turkey. But there was no reply to this message. Then again on August 18 another telegram, amounting to what I might term a protest, came from Sir Louis Mallet to Sir Edward Grey reiterating that it was a very unpopular thing to hold these ships to the cost of which the people of Turkey had contributed out of their own pockets, and that the German ambassador was very active in using what he described in Turkey as "the British government's high-handed action" to further Germany's diplomatic proposals to Turkey. Then on August 20 another message was sent to a similar effect, and not until August 25 did Sir Edward Grey reply, when he informed Sir Louis Mallet that the British government would return these ships after the war, provided that Turkey observed strict neutrality.

Now, what did the right hon. leader of the opposition do in 1914 in regard to this matter? Was he consulted? What did he do in regard to the message which was sent on August 3; what did he do in regard to the message which was sent on August 9; what

did he do in regard to the message which was sent on August 18; what did he do with regard to the message which was sent on August 20? Did they ever come here? Was it Canada's dealing with them which delayed reply to Sir Edward Grey? These are questions we must have answered by the men who argue that this policy of consultation is a good one and ought to be perpetuated. It would be interesting to know if Canada did receive a copy of these cablegrams.

But let us proceed. What happened after this? Germany was quick to take advantage of the position and very shortly afterwards two German warships, the Goeben and the Breslau, violating international arrangements of course, sailed into Turkish waters. When Great Britain protested Germany simply said, "Why, we are making up to Turkey the two ships which you have taken over." And in doing so Germany was hailed by the Turks as the country that merited their support, and Britain's diplomatic arrangements were dealt a very severe blow indeed. What was Canada's viewpoint at that time? Were we consulted as to how we should act in the case of these ships? Did Canada agree to Great Britain violating the principle of a contract—a contract which must be regarded by Britishers to be as sacred as the contract guaranteeing the neutrality of Belgium—did Canada, I say, agree to the violation of that contract? Were Canadian statesmen consulted on it? Echo answers "were they?" If not what becomes of the consultation policy?

Another instance I have no doubt hon. members are all very well acquainted with—it is the Shatt-el-Arab.

An hon. MEMBER: What?

Mr. McMASTER: Perhaps it is a disguise.

Mr. IRVINE: The Shatt-el-Arab. Not being a Turk I may not be pronouncing it just right, but I have no doubt that hon. gentlemen who have been handling our diplomatic arrangements by consultation will be able to pronounce it correctly, because they must have had a good many dealings in this matter. Sir Louis Mallet complained by wire to Great Britain on October 12th, that two British men-of-war had passed up the Shatt-el-Arab. The reply came the following day that the British government were willing to discuss the passage of those ships in a friendly way. They claimed the legitimacy of the passage up this river—it is a river, by the way. Four days later Sir Edward Grey again telegraphed that it was not the intention of the Espiegle—that is, one of the British ships,—to pass down again, but claimed that if she did want to pass down again they had a perfect right to do so on the grounds of reprisal. What opinion did Canada have on this point? This is one of the events which so complicated matters in Turkey at the time as to make it impossible for Sir Louis Mallet to gain the favour of Turkey toward the British cause.

Next we come to the question in Egypt; and this is the third point I wish to make in this regard. Egypt was admittedly a part of the Turkish Empire. The United Kingdom had enforced military occupation since 1882, the time of the bombardment of Alexandria, but from that time the United Kingdom had gradually advanced to the position of a sovereign authority. You can readily see the position when war was about to break out between Turkey and Great Britain. What was the actual position of the two powers? Did Turkey's sovereignty justify the entry of Turkish troops into Egypt, or had the United Kingdom the right to treat Egypt as if it were British territory? These were the questions with which those nations were struggling at that time. A number of telegrams were passing between the ambassador of the British government in Turkey and the British authorities in Great Britain in this matter. Was Canada consulted about the matter? Did we receive any of these telegrams? If so, did Canada agree to the decision of Sir Edward Grey in his telegram to Turkey of October 23rd to the effect that if Turkish troops crossed the frontier of a land in which Turkey was sovereign, that would mean a state of war with the three Allied powers? It would be interesting to know whether Canada had any consultation in this matter. Those who wish to verify these instances I have given will find the matters all very fully dealt with in the British Blue Book No. 13, of 1914, pages 1027 to 1205.

But let us come to more recent times. What of the last Imperial conference, which was attended by the present Prime Minister? I presume we are all aware that the policy of Great Britain and the international policy in Europe have changed materially since that conference was held. Let me quote a few sentences from ex-Premier Hughes of Australia. Dealing with this point, he says:

> British foreign policy has changed in the last few months without the direct authority of the British electors. There is now a different policy towards France and Russia, and there probably will be another policy toward Italy and other countries. Australia is a part of the Empire but it has absolutely no voice in determining the new policy.

Here again we have an example of the failure of consultation by conferences to settle

matters of international policy. If I have now proved, Mr. Chairman, the undesirability and the impracticability of this policy, its absurdity should be evident. Surely it is absurd to continue with a policy that is undesirable and impractical.

But let me press the absurdity of the policy a little before I finish. Let me refer to a few matters mentioned in the Manchester Guardian of May 30th, 1924. I want to refer to these because they are of comparatively recent date and because they are dealt with in one issue of one paper, which is an indication of the numerous matters that Canada would have to be consulted about if she is taking her place on the equal status that has been claimed for her by some hon. members who adhere to the consultation policy.

First it says in this paper that Turkey and Great Britain have been negotiating about Mosul. Did I hear the hon. member for Battleford (Mr. McConica) say that Mosul was a new kind of breakfact food? No, he is not in his seat; it could not have been he. Perhaps some other hon. member said so. In fact, it may be a new kind of breakfast food, I am not certain. But we have been informed that it is a state somewhere in Mesopotamia. Then there is Nepal, only one of some five hundred other states just like it and that they may all want to negotiate treaties with Great Britain. But to return to Mosul; the fact is, that Great Britain is now negotiating about Mosul. What has Canada to say about that? Has Canada been consulted about Mosul?

1 a.m.

There are two main points about this Mosul business that are of great importance. The first one is the freedom of the Arabs from Turkish rule, promised by Britain as a war promise. What is Canada going to do in this regard? The second point is that at the San Remo conference of April, 1920, Great Britain accepted a league mandate for Iraq, and at present there is a deadlock between the negotiating parties. Can Canada break the deadlock? if so what is she going to do it with? If we are to continue this policy of consultation, surely we have a right to ask that those responsible tell us what they are being consulted about, and what advice they are giving.

Next, we are told in this same paper that the Anglo-Russian conference has been going on for about six weeks; that they have now exhausted the possibility of further progress by discussion and have come to a proposal concerning a draft treaty. Has our Prime Minister been in close touch with all that has been discussed at that conference during these six weeks? Has he been consulted about them? If not, then is it not absurd to talk about Canada being taken into consultation? Then there is a treaty between Great Britain and Iraq. No, Mr. Chairman, I did not say hay rack: you spell it with an "i", Sir, and you finish it with a "q",—and that is the means, I presume, by which we shall put an "English" on it. It is not a hay rack; I have been told by a very well informed person that it is another name for Mesopotamia. Well, this treaty will settle the main lines of the government of that country for four years to come. Has Canada been consulted about that? If so, what is Canada going to say about it? Do you not see the absurdity of the whole thing, the utter absurdity of maintaining a policy of this kind?

Again, a settlement has been arrived at between the British and Italian governments on the Jubaland question. This question was originally launched by the pact of London of 1915. What do we know about the Jubaland question? What do we know of the pact of London of 1915? What do we want to know about it? I am sure we want to know about it just as much as we do know about it, which is nothing. If Canada is to have any relations with other countries and particularly with Europe, and if such relations are to be intelligently entered into, and to involve responsibilities, then Canada must deal directly with such countries herself and not in any roundabout, second-hand way under the name of consultation.

Mr. PUTNAM: Cannot the hon. member conceive that Canada's wisdom may be consulted before these questions become acute and troublesome?

Mr. IRVINE: I am afraid Canada will be bound to some policy before she is asked any questions at all. That is the situation. If these questions did not involve perhaps war for Canada in the next ten or fifteen years, or less, I would not be interested, but the trouble is, according to the statements of both the Prime Minister and the leader of the opposition, that Canada is to be held responsible for every treaty that is signed by His Majesty the King, and he is signing treaties about many matters now. We have been told by the leader of the opposition that we ought to be taken into consultation about these matters. Therefore I am speaking right to the point. My boys may have to fight over this Jubaland business, and I want to know what the government of Canada is doing with regard to this matter. It is not merely a matter of talking at this hour of the night. I am extremely interested in this

question, because it involves a principle of profound importance to Canada and to the future of the world.

Now let me quote an editorial from the London Times, which may be encouraging to those of us in this country who hope for the time when Canada will not have to fall back on the policy of consultation, but that she will enter as a free nation herself into all necessary negotiations with other countries, without any advice from any Imperial authority. This is an editorial from the London Times, written in respect to a declaration of the Prime Minister of Canada, on Imperial relations:

> This is unimpeachable doctrine. No one supposes that our community of nations can stand on any other foundation than their full and equal participation in this common heritage of self-government. And no one supposes that a nation is self-governing if it has no voice in the shaping of its foreign policy. It is doubtful, indeed, whether public opinion in the Dominions yet realizes how unreservedly the principle of equal status has been accepted in this country. Already, before the war, the old notion of colonial "dependency" had long been regarded as an anachronism. The war made it an absurdity. Englishmen may not be richly gifted with imagination, but at least they can see with the eyes of their fellow-members of the commonwealth as far as this—they can appreciate the grotesqueness of supposing that the men who fought at their side were not, for some reason or other, entitled to precisely the same measure of self-government in any field of politics as they themselves enjoyed. And when British ministers avowed and reavowed their acceptance of the principle of absolute equality they were merely saying what seemed obvious to the public mind. The dominions, nevertheless, still have their doubters. There are politicians and publicists in Canada and elsewhere whose language sounds like an echo from the early Victorian age. The weather-worn bogy of Downing-street despotism is still occasionally paraded. Even the Chanak appeal was represented in some quarters as a symptom of Imperialistic domination—a quite fantastic charge. For unfortunate as was its language and unwise its publication, yet, when all is said, it was nothing more than an appeal. It was not, as some of its critics seem to suggest, an order to march, a sort of Imperial Ukase.
>
> These are ghosts from a buried past, and a modern-minded statesman like Mr. Mackenzie King is certainly not haunted by them. When he stated the doctrine of equality the other day, he knew that it is whole-heartedly accepted by the Imperial government. But the acceptance of a theory and the putting of it into practice are very diffrent things.

If Canada, then, is to have a foreign policy, if there is to be any common sense in the Canadian foreign policy of the future, clearly this parliament must take such steps as will define the precise relations between Canada and Great Britain and when that relationship has been clearly established, let it be one in which we shall not be held responsible for a treaty which we were not consulted about, know nothing about, and want to know nothing about. Let me impress upon this House that this is the moment for us to act. It must be obvious that if we have not now the courage to disentangle ourselves from the dangerous web of an anomalous position when there is no war, we shall be unlikely to do so when there is a war thrust upon us as a result of some nation violating part of the present treaty. If a war should arise out of this treaty that is being discussed here to-day, it will be argued when the time comes that Canada is bound by the treaty, and that to dissent from it when war is on will not only be dishonourable but will be treasonable to the Empire. It will be said that we would be deserting the Mother Country in a crisis, in short, we would be held disloyal to the king. I say if we cannot now have vision and the courage to extricate ourselves from the entanglements of Europe when the world is having a breathing spell between two wars, it is not likely we shall be able to do it when the war drums are beating. No, we shall not be able to do it then. Now is the time to do it. If a war should arise out of this treaty or out of some other, it will be represented as a blot upon our honour to refuse to fight in that war, and accept our obligations under the treaty. Those who at such a time may point out the truth that we never signed these treaties, were not consulted about them, did not ratify them, will be drowned in the uproar of war hysteria. But let us reflect, and reflect now, that if any such dread misfortune as war should be the outcome of this treaty at any time in the future, and the sons of Canada are called upon to defend what will be called the honour of our country, it will be in reality the dishonour of this parliament they will be defending, because we failed to have the courage to step out of these entanglements while we had the opportunity.

Sir HENRY DRAYTON: Is it proposed to go on with this item now?

Mr. MACKENZIE KING: Yes.

Sir HENRY DRAYTON: What was the amount spent on sundries last year, and what is proposed to be spent this year?

Mr. MACKENZIE KING: The total for contingencies last year was $37,000. This year the amount is being reduced to $32,000, a reduction of $5,000.

Sir HENRY DRAYTON: I can see that; that is not what I asked. I want to know if it is a real saving or only a paper saving. What was spent last year on sundries?

Mr. MACKENZIE KING: For contingencies, Department of External Affairs, 1923-

1924, there was spent the sum of $25,940.88, made up as follows:

Salaries	$6,767 13
Printing and stationery	7,995 28
Telegraph and cables	3,999 22
Petty cash	361 19
Telephones	428 10
Travel	1,802 42
Newspapers	729 93
Prime Minister's cars—overhauling, etc.	2,281 80
Sundries	1,103 85
Freight and customs on car brought in from Washington	471 96

That is a car Sir Robert Borden had purchased in Washington and which was afterwards brought here, in expectation that it might be of service to the Department of External Affairs, but it was found to be of no value.

Sir HENRY DRAYTON: What does the Auditor General say to the spending on printing and stationery of $7,900, when the vote was $6,000?

Mr. MACKENZIE KING: Where do you get those figures?

Sir HENRY DRAYTON: Page 104. I think perhaps the Prime Minister read it wrongly.

Mr. MACKENZIE KING: I am reading the figures given to me by the deputy minister of the department, $7,995.28. It is evident that a certain amount has been available for printing and stationery, and some additional amount has been required and taken out of sundries to meet that amount.

I would ask permission of the House to make an amendment and to add to the vote for the External Affairs salaries. I move that the following be added after the word "salaries:"

Including a counsellor at an initial salary of $5,000 to be appointed by the Governor in Council, notwithstanding anything to the contrary in the Civil Service Act or amendments thereto.

I think my right hon. friend will recall that in the Department of External Affairs there has been an officer known as the legal adviser, a position held formerly by Mr. Christie. That position has been vacant now for a year. The general counsel of the government has been assisting very helpfully and generously, in addition to his other duties; but I think it must be obvious to everyone that there is need to have that position filled by someone who has a knowledge of economic, constitutional and international questions, and I find that some of those who are available would not care to submit to an examination in order to qualify for the position. Indeed it is a kind of position for which the government has rather to go after the man and secure him, a position for which men are not easily obtainable. I think the appointment might well be left to the Governor in Council.

Sir HENRY DRAYTON: There is one great difficulty. I am afraid my hon. friend is out of order. He can add this item to the supplementary estimates.

Mr. MACKENZIE KING: My hon. friend has not observed that the estimates do provide an amount for the position. It is fixed at $5,000, the amount paid Mr. Christie. I am asking that the position be filled by Governor in Council instead of by the Civil Service Commission. I think the commission would agree that it is a position which can be filled even more appropriately by the Governor in Council than by the commission.

Sir HENRY DRAYTON: If my hon. friend would stop saying so many things about the Civil Service Commission, I might be disposed to consent. If I consented I suppose it would be cited as a precedent, and I do not like starting any precedents now. I am rather in a quandary, and I would like to help my hon. friend out. I certainly do not want to open the door to further innovations, attacks or limitations upon the Civil Service Commission. What sort of an undertaking would the government make that this case would not be looked upon as a precedent?

Mr. MACKENZIE KING: I can assure my hon. friend that it will have to be a very exceptionable type of position to fall into the same class, and I do not think this will create a precedent.

Sir HENRY DRAYTON: My right hon. friend wants more than consent. He has not the statutory right.

Mr. MACKENZIE KING: This will give the statutory right, if the House will accept the amendment.

Sir HENRY DRAYTON: I suppose the mere consent would not give the statutory right.

Mr. MACKENZIE KING: No, that is why I am asking to make the amendment.

Mr. MEIGHEN: If the Civil Service Commission give their consent and include this as one of the positions to be filled by the government without reference to them, then the power is theirs.

Mr. MACKENZIE KING: The chairman of the commission intimated to me that as the matter now stands it would not be possible

to exempt the position unless I were to adopt the course I am now taking of asking parliament to exempt the position when the estimates were before the House, without amending the act in that particular.

Sir HENRY DRAYTON: Then it will never be looked upon as a precedent. What about having two messenger clerks?

Mr. MACKENZIE KING: That is not an addition.

Sir HENRY DRAYTON: It is a 100 per cent addition. Where is the economy going on?

Mr. MACKENZIE KING: I can find some good reason for that.

Sir HENRY DRAYTON : I have no doubt you will find some good reason, but I would point out that you have a 100 per cent increase.

Mr. MACKENZIE KING: There are only 41 clerks now instead of 42 last year, and the probability is that the former messenger clerk may have been given an appointment as clerk in some other branch. They may have taken in someone at the bottom of the list instead of at the top.

Sir HENRY DRAYTON: I think the real reason is that there was one less clerk-stenographer.

Mr. MEIGHEN: Has not the minister in his office quite a considerable number of employees who are really paid by other departments?

Mr. MACKENZIE KING: I am not aware of any. No, I think not. I know it was the practice formerly but not at present.

Mr. MEIGHEN: My information is that what was the practice formerly has been multiplied many fold.

Mr. MACKENZIE KING: No. I assure the right hon. member he is mistaken. I have in my office a secretary whom I am paying out of my own pocket, apart altogether from the amount parliament provides, because I have not been able to get along with the staff provided.

Mr. SUTHERLAND: I have a very vivid recollection of the Prime Minister taking the stand a short time ago that the House should not be passing estimates after eleven o'clock at night, and here is an item of $5,000 introduced to provide for a new official to be appointed outside the Civil Service Commission.

Mr. MACKENZIE KING: It is not a new item. It has been there a couple of years.

Mr. SUTHERLAND: The appointment is to be made regardless of the Civil Service Commission. There are several other items which have been mentioned to-night. One item is for $2,200 and some odd for repairs to an automobile, and I doubt whether it is wise to pass that item without a little further information regarding it. It is almost half past one in the morning.

Mr. VIEN: If my hon. friend had not spoken it would not have been so late.

Mr. SUTHERLAND: It would be much later and it would suit my hon. friend if it was later and these things were passing without any discussion. There was plenty of opportunity to bring them down in daylight when members were present to pay some attention to them; but after two-thirds or three-quarters of the members have gone home and to bed, I do not think there is any justification for passing estimates of this kind at this time of the morning. I decidedly object to going on with these estimates at this hour.

Mr. BELAND: In this connection may I point out to my hon. friend that my experience in 1919, 1920, 1921, and since this government has been in power, no discussion has taken place on these items? There is no reason, of course, why it should not take place.

Mr. SUTHERLAND: I am sorry to break a rule that has been in effect so long, but I do not see any object in the Prime Minister's estimates being brought on at one o'clock in the morning.

Mr. MACKENZIE KING: The estimates were brought on at three o'clock in the afternoon, but we have spent the day in discussing one particular matter.

Mr. SUTHERLAND: I am not responsible for that and I doubt whether the Prime Minister can say the same. Would the Prime Minister give us some information regarding the repairs amounting to about $2,200 on the automobile?

Mr. MACKENZIE KING: To tell my hon. friend the truth, I do not know what repairs have been made. I have not been keeping track of them. I assumed that the Under-Secretary of State for External Affairs would not permit anything to be done that was not regular and proper, and this is entirely in his hands, not in mine.

Mr. SUTHERLAND: To make repairs amounting to $2,200 to an automobile in view of the number of automobiles that have been

required this year requires more explanation than that. The Prime Minister's secretary may be absolutely reliable—

Mr. MACKENZIE KING: It is the deputy minister.

Mr. SUTHERLAND: —but $2,200 worth of repairs requires some further explanation than that given by the Prime Minister.

Item agreed to.

Governor General's Secretary's office—salaries, including Governor General's secretary additional to salary authorized by R.S. C. 4, $3,600, and contingencies, $98,935.

Mr. SUTHERLAND: Has the other item already been carried?

The CHAIRMAN: Yes.

Mr. SUTHERLAND: If the Prime Minister is determined to put his estimates through at this hour in the morning, I presume he is quite at liberty to do so, but I hope we shall never hear him again speak about putting estimates through after eleven o'clock at night. In view of what happened last session when we sat until eight o'clock in the morning, I suppose he has no regard for the boast he was making as to what he was going to do as Prime Minister in future. I think it is almost unheard of for estimates of this kind to be passed at this hour of the morning after three-quarters of the members have gone home not expecting they were going to be introduced.

Mr. CANNON: Has my hon. friend any objection to voting this item relating to the Governor General?

Mr. SUTHERLAND: It is not a matter of voting items for the Governor General or anything of that kind. I object to going on with items at this hour in the morning when members are not present.

Sir HENRY DRAYTON: I have no objection to this, but I hope this is to be the final and last call to-night.

Mr. MACKENZIE KING: All right.

Mr. MEIGHEN: I might point out to the Minister of Soldiers' Civil Re-establishment that the salaries are a little more than $7,000 over what they were at the highest under the late government, so that there is more reason for objection.

Item agreed to.

Progress reported.

[Mr Sutherland.[

CIVIL SERVICE

READJUSTMENT OF SALARIES

Mr. MACKENZIE KING: Before the House adjourns, I should like to lay on the Table copy of an order in council referred to this afternoon which has since been signed by His Excellency, setting forth rates of compensation to be paid to certain classes of employees in the postal service.

On motion of Mr. Mackenzie King the House adjourned at 1.30 a.m. (Tuesday).

Tuesday, June 10, 1924.

The House met at three o'clock.

RAILWAYS AND SHIPPING

SELECT STANDING COMMITTEE NAMED

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

That the select standing committee on Railways and Shipping owned, operated and controlled by the government, appointed on the 4th day of June instant, be composed of the following members, viz: Messieurs Drummond, Euler, Gauvreau, Graham, Harris, Jelliff, Jones, Kyte, Ladner, Mackinnon, Milne, Rinfret, Robichaud, Stewart (Humboldt) and Stork.

Motion agreed to.

INDIAN ACT AMENDMENT

Hon. CHARLES A. STEWART (Argenteuil) (Minister of the Interior) moved for leave to introduce Bill No. 172, to amend the Indian Act.

He said: We propose to include the control of the Eskimos under the Indian Act. That is the only innovation in the legislation. The Eskimos now require some supervision, and it was thought wise that they should come under the control of the Indian Act and under the supervision of the Superintendent General of Indian Affairs.

We are amending the act in connection with the care of property of insane Indians and making some amendments with respect to the disposition of deceased Indians' property.

Another rather important amendment to the act is one dealing with the cancellation of land sales. The House will remember that two years ago we passed a validating clause in connection with the cancellation of leases as affecting their timber, mining, and so forth. We find that the same difficulty has been encountered in connection with the leasing of lands belonging to the Indians; and where sales have taken place of Indian lands and as

frequently happens, there has been failure to complete the sale, there has been some doubt whether or not the department has taken all precautions necessary to validate the cancellation of the sale or lease. We are taking power to do so up to date.

With respect to enfranchisement, we have had some difficulty in connection with the amendment of 1920, and we propose to cure the difficulty that exists in connection with the enfranchisement provisions of the 1920 amendment to the Indian Act.

Mr. MEIGHEN: What is the disease, and what is the cure?

Mr. STEWART (Argenteuil): The department has been enfranchising Indians under the provisions of section 122A as enacted by section 6, chapter 26, of the statutes of 1918, from the time it was enacted to the present time, on the assumption that this section was still in force. We are now advised that this section was rescinded by section 3, chapter 50 of the statutes of 1920. It is desired that the said section 122A shall be maintained and that anything done purporting to be under the provisions thereof shall be validated. There seems to be some doubt as to the amendment of 1920 as it affected the amendment of 1918 with respect to enfranchisement, and we propose curing that in the amendment contained in this bill. Those are the principal features of the bill.

Mr. MACLEAN (York): Does this propose to establish a claim of the provinces on certain Indian lands under certain conditions?

Mr. STEWART (Argenteuil): I think my hon. friend has reference to a bill that I introduced the other day ratifying the agreement between the Ontario government and the federal government.

Mr. MACLEAN (York): Was that not withdrawn?

Mr. STEWART (Argenteuil): I reintroduced the bill and it will come up in due course.

Mr. MACLEAN (York): Is that in this bill?

Mr. STEWART (Argenteuil): No.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS

Bill No. 170 (from the Senate), for the relief of Philip R. Marshall Palmer.—Mr. Duff.

Bill No. 171 (from the Senate), for the relief of George Felix Simpson.—Mr. Ladner.

SALARIES OF POSTAL EMPLOYEES

On the Orders of the Day:

Mr. PIERRE F. CASGRAIN (Charlevoix-Montmorency): Is it the intention of the government to table the correspondence which has passed between the Audit Board, the Civil Service Commission and the government, with reference to the readjustment of salaries of postal employees?

Right Hon. W. L. MACKENZIE KING: (Prime Minister): If any hon. member desires to have the correspondence tabled there is no objection to its being brought down. I assume it is my hon. friend's wish to see the correspondence and I undertake to see that it is tabled.

CONSULAR PRIVILEGES

On the Orders of the Day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have received from the Norwegian Consul General a communication which he has requested me to read to the House. It is as follows:

Montreal, June 10, 1924.

Right Hon. W. L. MACKENZIE KING,
Prime Minister,
Secretary of State for External Affairs,
Ottawa, Ont.

This morning's Gazette published a Canadian press telegram from Ottawa to the effect that a member of parliament asked you for a statement regarding the arrest of the Spanish consul in Montreal. In this interpellation reference was made to an alleged protest by me against my colleague's arrest and to my alleged use of the term "colony" in referring to the Dominion of Canada. Inasmuch as, from press reports, you seem to have accepted the statements of the member in his inquiry as true, I am compelled to correct mis-statements made in this connection. The Gazette on the 7th in a local article stated that I had "protested" and the paper used the word "colony." This article was published without my knowledge. No reporter of the Gazette nor of any other paper saw or interviewed me on this subject. I did not make a protest against the Spanish consul's arrest nor have I in this instance or on any other occasion referred to Canada as a "colony." I am too well informed to make that error. Although it is well established in international law that the archives and files of a foreign consulate are inviolable, I made no protest against the search of the Spanish consulate. I feel that it should be left to the Spanish government itself to take such steps in the matter as it deemed proper. My intervention in the case consisted of a visit to the Spanish consul at his request, as I am doyen of the consular corps in Montreal, and to an inquiry of the judge as to whether he was aware that Consul Maluquer is a Consul de Carriere. I also presented to the judge the Spanish consul's complaint against his treatment at the hands of the police. I am confident you will communicate the contents of this telegram to parliament and to the press.

L. AUBERT,
Norwegian Consul General.

NORTHWEST TERRITORIES—REPRESENTATION IN PARLIAMENT

On the Orders of the Day:

Mr. D. F. KELLNER (East Edmonton): I desire to remind the Prime Minister of a petition which I presented about a year ago signed by a number of residents of the Northwest Territories praying for representation in this House. The right hon. gentleman told me at that time that the petition had been transmitted to the Redistribution committee to be dealt with. I should like to know what progress if any has been made in connection with it.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall have to refresh my memory by a reference to the records, but I shall give my hon. friend an answer.

PRINCE RUPERT ELEVATOR

On the Orders of the Day:

Mr. A. E. ROSS (Kingston): I wish to call the attention of the government to the following paragraph which appears in the Vancouver Province of the 4th instant:

Special to the Province

Prince Rupert, June 4—Word is received this morning that Premier Mackenzie King authorizes the announcement that a terminal grain elevator will be built at Prince Rupert by the Dominion government. Provision for this will be made in this year's estimates.

In view of this statement, may I ask the government whether such an erection is contemplated, or whether such promise has been made?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not aware of having made any such statement or having given any such authorization. I may say however to my hon. friend that last year a deputation from Prince Rupert waited upon the government and urged very strongly the claims of that city for an elevator at that point. The hon. member for Skeena (Mr. Stork) has been repeatedly pressing the matter upon the government and urging that this work be undertaken, and when the main estimates of this session were being prepared the government did have under consideration at that time the placing of an amount in the estimates for an elevator at Prince Rupert. However, it was decided that we should wait until the hon. member was here in order to discuss the matter further with him. Since then we have taken it up with him and it is our intention to place a sum in the supplementary estimates, which we hope parliament will vote.

[Mr. Mackenzie King.]

SUPPLEMENTARY ESTIMATES

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): It is very important that the supplementary estimates should be brought down at the earliest date. These estimates, I may say, are being used in the province of British Columbia in a by-election as the chief weapon of appeal, and the government in that way is put in a position which I know it does not like; the estimates are being used as a sort of political catspaw of the local administration. This would be obviated if the supplementary estimates were brought down.

GRAIN COMMISSION

On the Orders of the Day:

Mr. O. R. GOULD (Assiniboia): I will repeat the question I asked yesterday of the Minister of Trade and Commerce (Mr. Low). The minister is now in his seat and he may be able to give me an answer. The question I asked was, whether the government would lay on the Table the interim report of the Royal Grain Commission.

Hon. T. A. LOW (Minister of Trade and Commerce): We hope to bring it down very shortly.

CUSTOMS TARIFF, 1907, AMENDMENT

Hon. J. A. ROBB (Acting Minister of Finance) moved the third reading of Bill No. 127, to amend the Customs Tariff, 1907.

Sir HENRY DRAYTON (West York): I desire to refer again to the position of a large number of the people of Lambton and Kent in relation to the question of the oil bounties which were removed as a result of the budget legislation of last year. Representations regarding this matter were made to my hon. friend which I was not aware of until last night, and I shall have to crave the indulgence of the House for a few minutes in order to consider the position of the crude oil producers of these counties. Speaking from memory, I think we have upwards of 3,500 wells from which crude oil is drawn. At the last session of parliament the Minister of Finance (Mr. Fielding) introduced as part of his budget proposals certain legislation which is to be found in chapter 63 of the statutes of that year, the effect, of which is, in short, to provide in the first instance for a sharp reduction of the bounty and to extinguish it altogether on and after July 1, 1925.

The total annual production of oil is something like 160,000 barrels of which total Lambton and Kent, the two counties chiefly affected, produce 145,238 barrels. It is an old industry to which the countryside has adapted itself entirely, and thriving towns have been built up. For instance, there is Petrolia, just as nice a little country town as could well be imagined, with a debenture debt of about $450,000, incurred largely in connection with the extension of municipal activities which result from the carrying on of the oil industry in the neighborhood. The great majority of the oil producers are farmers. The production is small and the costs are fairly heavy. As matters stand to-day the House must face the wiping out of the industry entirely, which simply means that Petrolia and Oil Springs will find it difficult indeed to carry on municipally. In addition to this, the farmers of Ontario, with the American market now absolutely closed to them, and with their own market very largely open to their American competitors, are none too well-off to stand further losses.

As I said, Mr. Speaker, representations have been made to my hon. friend that the oil bounty is a matter of vital concern to these little communities. It may be said that we have little to do with local conditions there, but I do not take this view, because if production ceases in that district we will have to buy American crude to the extent probably of $450,000 or $500,000 annually, which will simply add that much more to the adverse drain that we are now subjected to by reason of our currency being at a discount in the United States. But this is not a political matter; it is a matter of life or death to the people interested. The representations which were being made were not made through Conservative channels, they were made through Mr. Greenizen who, if I am correctly instructed, is the president of the local reform party; that is, he is the representative in those counties of my hon. friend's government from a party standpoint. His representations have just been put into my hands, and I am going to give them to the House, so that if this proposed legislation is enacted we will understand, and the country will understand that the government do not think that the farmers of Lambton and Kent have any right to be in the oil industry. These representations are also old representations as will be apparent in a moment or two. Mr. Greenizen's letter to my hon. friend is dated April 4, 1924, and is as follows:

Dear Sir,—Referring to the recent interview Dr. Fairbank and myself had with you regarding the legislation of last session whereby the bounty on crude petroleum produced in Canada is removed, we submit for your consideration the following facts:

1. Crude petroleum was first produced in America at Oil Springs in Lambton county, in 1858. This was followed some few years later by the discovery of oil at Petrolia.

2. The discovery of oil in Canada was followed by its discovery in Pennsylvania. These early Pennsylvania wells produced such enormous quantities of oil that the home market could not absorb it, and they began shipping to Canada as this market was then free to them. This resulted in a glut of oil on the market. The flush production of our Canadian wells had greatly diminished and with the competition of free United States crude oil it was seen our Canadian oil industry was threatened with extinction. This condition of affairs was brought to the attention of the government of the Honourable Alexander Mackenzie then in power.

I pause for a moment at that point of this appeal addressed by a Liberal to the Liberal government. If there is one thing more than another that my hon. friends talk about it is the protection—no, I will not use that word, for while they mean protection they say protection is an evil—it is the adoption of such a fiscal policy as will help in the production of our raw materials. And oil is a raw material. It is a raw material of great benefit to that class of the community which my hon. friends pretend to be so much in favour of, namely, the farming class.

Mr. SPEAKER: Order. I would call the attention of hon. members on both sides to the fact that there is too much conversation going on. The Speaker can hardly hear what the hon. member is saying although he raises his voice. It is not fair to the hon. gentleman addressing the House that a general conversation should be engaged in on both sides.

Mr. GAUVREAU: There are too many reading.

Sir HENRY DRAYTON: Thank you, Mr. Speaker. That is one of the things that we have to put up with. It is something at which my hon. friends across the way are adepts As I say, this is the production of a Canadian raw materal which, according to my hon. friend's own doctrine, ought to be encouraged. And my hon. friend's predecessors in office—not their immediate predecessors, but their more distant ones, those of the Liberal faith as understood perhaps at a time when the Liberal doctrine meant something and was at least the outcome of thinking along straight lines, a doctrine that led somewhere—my hon. friend's own party gave effect to it.

This condition of affairs was brought to the attention of the government of the Honourable Alexander Mackenzie then in power. The necessity of protection for our Canadian oil industry was recognized and that government placed an import duty on crude petroleum and its products. This import duty had a stabilizing

effect and our producers were able to carry on.

3. This import duty with some changes continued through the different governments down to the year 1904.

4. Consumption of the different manufactured products from petroleum was increasing enormously while the Canadian production was steadily declining. The tax upon the people through the tariff on oil was heavy and was the subject of constant attacks upon the hustings and in parliament.

I do not think my hon. friends will disagree with anything that this Liberal politician says, at least down to that point.

5. Introducing his budget at the session of 1904 the Hon. Mr. Fielding after investigation and consultation with our oil producers suggested the discontinuance of the duty on the large amounts of crude petroleum entering the country and substituting for it the present bounty of one and a half cents.

It will be observed that the condition of affairs in that section of country whose people had adapted their activities to oil production was brought about by a policy inaugurated by the Right Hon. Mr. Fielding himself in 1904. Mr. Fielding's reasons for the change are found in the House of Commons Debates, session of 1904, volume 3, pages 4359-60. I now quote Mr. Greenizen, who quotes from Mr. Fielding as follows—page 4359:

"The oil industry has a fair claim on our consideration." And further on he says: "What we desire to do is to bring about a reduction in the duties on oil in such a way that the consumers shall have cheaper oil and that no injustice shall be done to the oil industry, but that it shall have as fair a chance as others."

Do my hon. friends take any exception to those statements of Mr. Fielding made in 1904? I do not think they can.

Again at page 4360 he says his desire was "to deal fairly and generously with the people who have invested their money in the industry of producing crude oil."

6. The necessity of protecting the crude oil producing industry was recognized and the bounty was in substitution for the previous duty.

7. Since the introduction of the bounty in 1904 the oil producing industry has been free from attack. No individual or party in parliament has attacked it, nor is there any evidence that the public generally was demanding its repeal. The substitution of the bounty for a duty was a good business move, and resulted in the building up of a large oil refining industry employing several thousand men. The discontinuance of the bounty announced by Mr. Fielding when introducing his last budget came as a surprise to the oil producers. No investigation was made upon the ground here as to the effect this change would have upon the oil producers.

Let me again remind the House that I am but giving voice to the protests of the head of the local Liberal organization; it is he who says that this action was taken without the slightest investigation and without the slightest thought as to its effect upon the industry.

Investigation will show that our oil producers cannot carry on without a bounty or a protective tariff,

and large amounts of invested capital will be wiped out if the change goes into effect.

Again I pause to interpolate: As I understand it—and my hon. friend will correct me at once if I am wrong—an investigation into this question was asked for and was made by the Geological branch of the Mines department. A report was made, I think by Dr. Hume—if I have the names wrong my hon. friend will inform me. No one has yet seen the report; I have never seen it, but I am further told that it substantiates Mr. Greenizen's claim. That report would be in my hon. friend's hands now.

8. We operate about 3,500 wells with some 216 separate power plants. I have no means of accurately arriving at the capital investment, but it undoubtedly runs into several millions.

9. Delivering his budget speech, May 11th, 1923, in dealing with this matter of the bounty on crude petroleum, Mr. Fielding said: "The total amount paid in the form of bounty in 1922 was $93,636. The amount is not large, and if we had to consider only the condition which existed when the bounty was applied it might not be worth our while to make any change. But oil has been found in our western country. There is a widespread conviction that we are on the eve of great oil discoveries in the far west and north." And further on he said: "If there should be, as may very likely occur, great strikes of oil in the western country, the bounties we are called upon to pay would be a very serious charge upon the treasury." It is to be noted that the moving cause for the removal of the bounty was the fear of large production being found in the West, and I think it fair to conclude from Mr. Fielding's statement that he would not have discontinued the bounty if he had not such fear in his mind.

Hon. gentlemen will recall that Right Hon. Mr. Fielding found no fault whatever with a bounty policy. Why, he put on more bounties last year. He gave bounties last year, for example, in connection with some form of copper production in the West, at any rate, in relation to a large smelting company there. No objection was offered to the principle; no argument was made that a bounty was not required in order to keep the industry going. But there was the fear that large oil resources would be found in the West or in the north and that the country's treasury would be subjected to very heavy demands. Well, there being nothing wrong with the principle, there being no room for debate as to the necessity—provided, of course, that these farmers were to be looked after and the busines kept going—the suggestion came from the hon. member for West Lambton (Mr. LeSueur), if I remember rightly, that the bounty should be limited to five barrels a day per well. The whole idea of that was to apply the bounty only to the small production; it would be of no use to large commercial concerns. Just

imagine five barrels a day with a bonus of 52½ cents a barrel, a total amount of $2.60 a day that each well could earn. The whole idea was to make it clear that the class of people we wanted to help were the small producers who could not otherwise carry on —that and that alone. Moreover, if a great gusher was found in the West or in the north, it would be entitled only to $2.60 a day, so that all fear was removed of any injury to the treasury had that proposal been adopted. Well, it was not, and my right hon. friend, although pressed for it, could not and did not give any reason why it should not be adopted. Now I come back to Mr. Greenizen. He proceeds:

It is now nearly a year since Mr. Fielding delivered this speech. Hundreds of thousands of dollars have been spent in the search for oil in the West but without a favourable result. Investigation of the position of the crude oil produced would have shown a much diminished production as compared with 1904, and that owing to the increased cost of labour and supplies it was costing nearly three times as much to get this production as it cost in 1904, and such investigation would further have shown the impossibility of carrying on at a profit without the bounty. We believe that if Mr. Fielding had seen his way clear to protect the treasury against the possibility of large production, and at the same time protect our industry here, he would have continued the bounty. We suggest that the act passed last session be repealed and the bounty restored, with the proviso that such bounty shall only apply to wells and groups of wells producing an average per well of one barrel or less per day.

That is a most modest request, a far more modest request than the real legitimate claim of the district entitles them to. That cuts it down to a bounty of 52½ cents per day. It seems too small altogether, but even that small consideration has been denied. It goes on:

This will enable producers here to carry on. The government cannot be charged with sectionalism in the legislation.

10. Our oil production for the year 1923 was 158,511 barrels. If the removal of the bounty results in closing down our wells this oil will have to be replaced by purchase from United States producers, at a cost of about $400,000 per year.

11. I am unable to state definitely the number of workmen employed in the industry, but I believe several hundred men derive their livelihood directly and indirectly from the business.

12. Our oil fields have been a training school for oil well drillers. Many of these find employment in the oil fields in different foreign countries. Their drilling contracts are usually for a term of three years, and their families remain here and considerable sums of money are returned to this country from this source.

13. Property owners in the town of Petrolia and in other producing districts in Ontario will suffer a serious loss if our wells are forced to close, as most of our workmen employed about the wells would be forced to leave, and no doubt most of them would secure employment in different fields in the United States.

Again, Mr. Speaker, I point out that this is not the opinion of a Conservative politician, but of a Liberal politician, who says, and says deliberately, that the direct effect of this legislation is to deny employment and to further assist in the process of expatriating the Canadian. I further point out, so clear from all doubt is the real situation here, that during the whole of his submissions to this government he has done only one thing, and that is to absolutely endorse the position taken by us in this section of the House when this legislation was proposed. The file I have does not show why or on what ground relief has not been extended to these people.

There were other documents also put before my hon. friend. We have a document here which further reinforces Mr. Greenizen's appeal. Before reading that I am going to read from a statement which shows the average price received per barrel of crude petroleum each year, but omitting the bounty, the cost of production, the net profit or loss per barrel. The statement goes back as far as the year 1905, and its effect is to show just where these small producers would be without the bounty:

Year	Price ex-Bounty	Cost per barrel	Loss per barrel	Profit per barrel
1905..	1.29	1.347	.057	....
1906..	1.328	1.448	.12	....
1907..	1.337	1.62	.283	....
1908..	1.421	1.43	.009	....
1909..	1.288	1.54	.252	....
1910..	1.214	1.66	.446	....
1911..	1.225	1.467	.242	....
1912..	1.457	1.55	.093	....
1913..	1.793	1.59	....	.203
1914..	1.505	1.612	.107	....
1915..	1.42	1.742	.322	....
1916..	1.99	1.691	....	.299
1917..	2.335	2.20	....	.135
1918..	2.675	2.60	....	.075
1919..	2.81	2.322	....	.488
1920..	4.097	3.51	....	.587
1921..	2.662	2.736	.074	....
1922..	2.663	2.541	....	.122

Average for period 1.815.

Apart from the bounty, 11 years of the 18 produced crude at a loss and 7 years at a small profit.

The aggregate profits for the whole period, exclusive of bounty, amounted to 12 per cent on the capital invested, an average of 2-3 of one per cent per year. No charge has been made for depreciation or depletion of the properties and no large salaries paid.

During this period the bounty in the aggregate was 84 per cent of the whole profits and 29 per cent of the full price received by us from the purchasers.

Now that statement, which was filed with my hon. friend, was made by the Canada Crude Oil producers, Limited, signed by W. McIntosh, Secretary-Treasurer. It shows at least that there are no undue profits being made, and on its face it bears out what I

have been saying, that without some continuance of this bounty system—let it be cut down as I suggest—the small producers must of necessity stop. My hon. friend had that information and it was reinforced by—

Mr. McMASTER: As a matter of economics, and considering what would be the benefit of the whole nation, does the ex-Minister of Finance (Sir Henry Drayton) wish to suggest that an industry which can only earn two-thirds of one per cent a year over a period of eighteen years should be kept alive by bounties?

Sir HENRY DRAYTON: My hon. friend must not get an industry of this character confused with industries of the nature that he is so fond of describing, for example, endeavouring to raise oranges in the province of Quebec and bananas in the Yukon. This is an industry the product of which is obtained from the soil in Canada. It is an industry which may be made strong and substantial if properly assisted. At present millions of dollars are sent out of Canada every year to pay for imports of this material. Are we to abandon all possibility of putting Canada on the map as an oil producing country through the agency of this industry?

Mr. McMASTER: How long would the hon. member suggest that the bounty system should be maintained?

Sir HENRY DRAYTON: Well, I would say this, that now when the Ontario farmer is finding it hard to make ends meet is the worst possible time to remove this bounty. I have never been so much in favour of bounties myself; I support another kind of fiscal policy rather than the granting of bounties, as my hon. friend knows. But here is a system which was inaugurated by the present Minister of Finance (Right Hon. Mr. Fielding) and it is now proposed to strangle that gentleman's economic offspring.

Mr. McMASTER: Does my hon. friend wish to resuscitate it?

Sir HENRY DRAYTON: No, the infant is not dead yet. Still infanticide is going on. It is a horrible thing to have a case of infanticide in one's family. As I was saying, it is all wrong.

Mr. McMASTER: My hon. friend is right, it is all wrong.

Sir HENRY DRAYTON: It is all wrong that communities like Oil Springs, and Petrolia, which are living on this industry should be threatened in this manner.

[Sir Henry Drayton.]

Mr. McMASTER: Living at the expense of others who are paying the bounty.

Sir HENRY DRAYTON: I know what my hon. friend's views are, but I think that very often we get along better by helping each other a little rather than by continually helping the foreigner. We are more likely by such a policy to make Canada the great, prosperous and self-contained country which it ought to be. After all, the

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amount in question here is very small. It is so small that the Right Hon. Mr. Fielding himself stated that we need not bother about it; last year the whole amount of the bounty was only $84,000. So the cessation of the bounty was never proposed on the ground of the cost of the present commitments to the country; the present finance minister was never rash enough to make such an argument as that. The whole tenor of his argument rather was that there would be such a tremendous commercial development from the oil industry that it would ruin the treasury to pay the bounty. At that time the minister had the statement in question from Mr. Greenizen; he also had a statement from the Canada Oil Producers Limited in connection with this question. I now read from that statement:

> The production of crude petroleum in Canada dates from the year 1858, when oil was first struck in what is now the village of Oil Springs. The discovery of oil in Oil Springs was followed a short time later by the striking of oil in Petrolia. In the early days of these fields the wells produced very prolifically and for a considerable period there was an excess of production over consumption. As time went on production diminished and consumption increased. Extensive oil fields were developed in the United States and crude oil, owing to the extremely large production there, reached a price where our Canadian producers could not compete with these large producing wells in the United States.

I have already given the history of this industry from a statement by Mr. Greenizen who was a lawyer. I am now giving it from the point of view of the efforts for the preservation of the industry.

> For the preservation of the business here a duty was placed on the importation of crude petroleum into this country. This duty saved the situation. Producers here were able to carry on and the field continued to expand and grow in extent for a great many years. A number of refineries were established nearly altogether in the town of Petrolia for the refining of our locally produced crude oil. This import duty on crude oil continued until the year 1904 when it was removed by the present Minister of Finance and a bounty of one and one-half cents per gallon was allowed Canadian producers. At the time of this abandonment of the duty and the introduction of the bounty the minister was in conference with our representatives from Petrolia who were able to convince him at that time that producers here could not carry on without this bounty. As

matters turned out the wiping out of the duty and the substitution of the bounty resulted very beneficially for the country. At the time of the change the Imperial Oil Company were operating one refinery at Sarnia of small capacity as compared to what it has at present. There may have been one or two other small refining plants in the country at that time but as to this I am not able to speak with certainty. At the present time the Imperial Oil Company has seven large refineries scattered throughout the country and there are possibly half a dozen other refining plants, so that at present the refineries in the country are taking care of practically all our domestic consumption. Large quantities of the raw material are imported from the United States free of duty and manufactured in our Canadian plants by Canadian workmen.

The present move on the part of the Minister of Finance in announcing the discontinuance of the crude oil bounty came as a shock and surprise to Canadian producers. We had heard of no clamour on the part of the public for the removal of this bounty, in fact, ever since the establishment of the bounty the oil business has been practically free from public criticism while in the old days of the duty the producers were being continually called upon to meet a tax upon their business.

The total number of wells in operation in western Canada is 3,574. These figures are furnished by the official inspector of oil and gas wells. There are in operation 216 power plants for the operation of these wells and outside the value of the lands these wells and power plants represent an invested capital of upwards of $2,000,000. The following is a statement of a comparative production of the western Ontario oil fields for the different years from 1915 to 1922 both inclusive:

These details are of importance for the purpose of showing the total absence of any large drain on the treasury. This is a very small thing as regards the Dominion; it is a very vital thing to the people of Lambton and Kent:

Year	Total production in barrels
1915	214,440
1916	196,900
1917	203,000
1918	288,760
1919	220,110
1920	181,749
1921	172,858
1922	164,731

I again interpolate. I want hon. gentlemen to note that small production in comparison with the number of wells. The great number of wells gives some indication of the number of farmers that are interested. This is no large crushing corporation; this is something entirely removed from excess business profits taxes and all that sort of thing. This is very largely a side adjunct, a side activity of the Canadian farmer. We have 3,574 wells, producing chiefly at a loss if it were not for this bounty, and altogether producing in the year 1922 only 164,731 barrels. The statement continues:

The above figures are furnished by the official supervisor of bounties on crude petroleum. There is a further small production in New Brunswick and a trifling amount of oil is produced in Alberta. The total production for the whole of the Dominion of Canada at the present time is now about 180,000 barrels. The oil producers affected by this removal claim that it will result in the complete closing down of their wells and the cessation of production of oil in Ontario and in substantiation of their claim that this will be the result they submit signed statements from some twenty representative producers showing the cost of producing a barrel of oil from their properties. It is fair to assume that men are not going to continue to operate their wells at a loss and in some instances a serious loss so the result will be undoubtedly as stated above the wiping out of the business of oil production in Canada and the wiping out of millions of dollars invested in the business, leaving to the men with this amount of money invested nothing but a trifle they may be able to realize from the junk-dealer.

I would ask my hon. friend when he speaks, to advise the committee whether the industry is to continue or not; what his honest view is; if his honest view is that these gentlemen who are in the business are all wrong, where they are wrong; how he expects their business to be carried on; whether he is indifferent to their business closing or not, as it will; whether he sees any reason why the small well should not be allowed to continue when it can continue without the slightest risk to the country; why the farmer should not be able to have the right to take one or two or three barrels a day from his well, resulting in a total which will be very much less than the total now paid, cutting it down in that way, and as regards which total the present Minister of Finance (Mr. Fielding) himself said that we need not bother about the amount and to let things stand as they were. The historical statement continues:

The Minister of Finance in announcing the removal of the bounty stated: The amount paid annually is about $92,000—

It is less than that now. If the information I have is correct, it is more like $85,660, but there is not very much difference anyway, only about $6,000.

—representing a per capita tax of one cent per year or thereabouts as the burden the people of this country are bearing for the maintenance of this industry. If the bounty is removed what will happen is this; With the removal of one-half the bounty in July of 1924 which is the proposal of the Minister of Finance a certain number of wells will close, possibly as much as 50 per cent, with the removal of the balance of the bounty in the following year 75 per cent or more of the balance will close down. The small balance remaining will attempt to carry on, possibly a few producers whose all is invested in the business and who do their own work may be able to make fair wages for a period. A couple of properties at Bothwell and perhaps one at Oil Springs can carry on until they reach the point where they will have to replace worn out equipment with new, and they also will be forced to close.

Bothwell, I may interpolate, is a point in Kent, and both Kent and Lambton are vitally affected.

It is only a matter of three or four years until every property will be closed down. Another feature of the business, which might compel even properties which can operate at a profit for a time with the bounty removed, to close almost immediately on the removal of the bounty is this: the only market our Ontario producers have for their oil is the Imperial Oil Company at Sarnia. This company has receiving stations quartered throughout the territory where the oil is received. It is then collected in tanks in Petrolia and shipped by pipe line to Sarnia. With such a limited production as will immediately follow the wiping out of the bounty the Imperial Oil Company cannot maintain the staff of employees and equipment necessary for handling this oil and this will mean that any producers with oil for sale would have to make delivery themselves at Sarnia. The cost of handling oil in this way would so cut the producers profit that even the few large producers remaining would be forced out of business.

This is something that will be apparent to every hon. member. The economies that are effected in oil production consist in the pipe lines, the getting rid of transportation, and so on. The business can only be carried on if there is a certain volume, and unless this is assured the wells will not be operated. The statement proceeds:

The 180,000 barrels per year produced by these Canadian wells is refined in our Canadian refining plants and to that extent, small though it may be as compared to total consumption, goes to satisfy the demand in this country. If this 180,000 barrels per year is cut off the source from which the shortage will be made up is the United States and it means that we will have to send out of the country somewhere about one half a million dollars a year for oil to replace what is now produced here. On the one hand, the country is contributing to the maintenance of this oil business one cent per year per head of our population and is saving to the country an industry which is adding to the wealth of the country as a natural resource half a million dollars per year. Wipe out the bounty and we pay the Americans this half million dollars in addition to the millions we are already paying them for oil. There is a little more to this question than simply closing down of the oil wells and the scrapping of the equipment of these oil operators and the wiping out of the two million dollars or more that these men have invested in the business. Take the town of Petrolia. This town has always been the centre of the oil producing busines. This is now a town of some three thousand inhabitants and dates back some sixty years. During all this time the town has continued to progress and to-day it is one of the most liveable small towns in the country. It has good business blocks, numerous comfortable homes, paved streets, a good sewerage system, water system taking water from lake Huron some eleven miles away and in every way a town and community that should be preserved rather than killed.

I wonder what my hon. friend will say to that. Petrolia is a town that should be "preserved rather than killed;" and if this industry is killed, what will take its place? Or does my hon. friend expect that the expatriation will continue in the case of this town as it has done in so many others?

The oil busines puts in circulation in Petrolia somewhere about $200,000 per year and every person in this community no matter whether he is an oil producer himself or engaged in any line of business is largely dependent upon this business and if the business is wiped out it will undoubtedly have a serious effect upon a great many people who are not directly connected with the business. We cannot carry on as a place with our present population if the oil business is wiped out. People gradually drift away, those connected with the oil business will likely go to the United States and others will likely follow adding our few hundreds to the tide of emigration to that country which is even now serious.

According to the figures given above, the closing down of our oil business here will result in an immediate loss to the country of upwards of $400,000 a year or the difference between the bounty paid and the amount we will have to send out of the country to replace the oil now produced here.

Another considerable loss will result. The oil regions of Western Ontario for years have been a training school for oil well drillers and these oil well drillers find employment in other oil fields in the British Empire and in a great many foreign fields. We have hundreds of Canadian drillers in the fields in Asia, Africa and South America. These men usually enter into a three-year contract and they invariably arrange to have their earnings over and above their trifling expenses in the field transmitted to our Canadian banks. Two banks in Petrolia report average deposits of upwards of $100,000 a year by these drillers and considerable sums are deposited in the home towns of other drillers. It is estimated that at least one-half million dollars a year comes into the country from our Canadian drillers in foreign fields. These men return to this country when finished with their foreign drilling and the money they have returned is spent here. Of the proceeds received from the sale of oil produced in this country practically every dollar is expended for wages, oil well equipment and otherwise in the country.

My hon. friend has said in his budget that he is in favour of primary production, and when assistance is taken away from an industry and that industry is left without the protection which enabled it to exist, it must certainly be looked after by some method such as the remission of the sales tax or the remission of certain customs duties.

I do not know whether my hon. friend has ever had time to read these representations. I am inclined to think that he has never done so; I do not think that Mr. Greenizen sufficiently impressed him with the great importance of this matter to western Ontario. because if he had, the minister would have extended to the people who are engaged in the oil producing business at least as good treatment as he gave the manufacturers of agricultural implements and other things. These people are directly engaged in a primitive industry, and the minister should certainly give them at least as good a chance as he would those who are employed in any other primitive production. But they are overlooked; I do not think he has considered their position at all, because there is no duty whatever in this case. As I have just received the information I have not been able to

check the accuracy of what I will now give my hon. friend, but he will have the facts, for he knows what he did. My recollection however is that this is correct, that the exemptions from duty, the reductions of duty, and the rebates in his general bill are all in connection with raw materials to be used in the production of articles classified under certain customs items. In other words, it does not make, let us say, brass or steel free, or give a rebate on brass or steel, unless these materials are used in the manufacture of agricultural implements or something of that kind; it is not general. This is what these people say and the list is in my hon. friend's hands. It is a list of articles used in operating and drilling for crude petroleum. These are the articles and the rates of duties:

Commodity	Item	Rate of Duty
1. Brass tubing	348c	10 per cent when in lengths of over six feet (plus 5 per cent sales tax).
2. Well-drilling machinery and apparatus and parts thereof, of a class not made in Canada, drawn or seamless iron or steel tubing over 4 inches in diameter, for drilling for water, natural gas and oil, and for prospecting for minerals, not to include motive power	469	Free of duty (this would not apply to 4⅝ casing as it is only 4 inches in diameter).
3. Wire rope lines to be used as cables	408	25 per cent plus 5 per cent sales tax.
4. Lapwelded tubing of iron or steel, not less than 4 inches in diameter, threaded and coupled or not	399	30 per cent but subject to a drawback of 50 per cent of duty in casing oil and natural gas wells also exempt from sales tax (not over 4 inches in diameter).

Mr. McBRIDE: Mr. Speaker, in this corner of the House we cannot hear what the hon. gentleman is reading.

Sir HENRY DRAYTON: I am giving the customs items, and unless my hon. friend has the schedules before him he would not be a bit interested. Then:

Commodity	Item	Rate of Duty
5. Bolts and nuts	412	75 cents per 100 pounds, and 25 per cent plus 5 per cent sales tax.
6. Wrought or seamless tubing, iron or steel, plain or galvanized, threaded and coupled or not, 10 inches or less in diameter	399	30 per cent plus 5 per cent sales tax.
7. Wrenches	454	30 per cent plus 5 per cent sales tax.
8. Coal	588	53c cents per ton.
9. Motive power	.....	27½ per cent plus 5 per cent.

My hon. friend knows a good deal of coal has to be used in this business; he has not looked after that feature at all. I point out to my hon. friend, Mr. Speaker, that the withdrawal of the bounty is a very real injury to that part of the country. The objection to its withdrawal is not political; everybody in the district knows what the discontinuance of the bounty means to the farmers and the community, and they are united in their protest irrespective of politics.

Now, what have those people done that their interests should be wiped out? They made their investments on their faith in the policy of my hon. friends opposite, their policy of 1904, but those people have been able to carry on only with the most beggarly profits. I wonder if my hon. friend thinks that the farmers generally are making very big profits at the present time.

Mr. ROBB: No, I do not think so.

Sir HENRY DRAYTON: Very good. It means something to the farmers of Lambton and Kent to be able to carry on even with such small returns. The continuance of the industry is absolutely vital to the little community centres which I have been describing. The bounty was not removed last year because the principle was wrong, and my right hon. friend Mr. Fielding wanted to swallow himself, for he has never said that the bounty

principle is wrong. On the contrary, in the very same speech in which he announced the withdrawal of this oil bounty he reaffirmed the principle of bounties by adopting this method to stimulate the production of copper in the West. The people of Lambton and Kent were not getting something which the right hon. gentleman thought they should not get, that was not the trouble at all; he said in effect, "I am afraid for my balances, I am afraid that big discoveries of oil in the North and in the West will create an undue strain on the treasury if the bounty on oil is continued." But the threatened danger has never materialized. Still, these people know they are to be injured because of the prospect of big oil discoveries in other parts of the Dominion. They also know that if we merely adopt the simple provision of limiting the bounty to a small number of barrels per day per well—the suggestion last year was five barrels—the total charge on the treasury per well would only be $2.60. We often hear it said that the farmers never get any benefit from our fiscal policy. Here is a case where they do get a benefit. I do not know what the idea of the government is. Last year there was to be a differential duty put upon sugar beets so that our farmers producing them would not be in as good a position to compete with the producers of raw cane sugar. My right hon. friend realized the mistake he had made and stayed his hand. He has made just exactly the same mistake here. I think if he were to stay his hand here also it would be equally to the purpose. Honestly, what else could he do? His whole reason for proposing the withdrawal of the bounty was these large anticipated oil finds which, as I have shown, have not yet materialized. I am confident that the right hon. gentleman would have stayed his hand in this case were he now at his desk. What did he do in connection with sugar beets? His idea was that having regard to the duties on raw and refined Cuban sugar the sugar beet producers were getting too great protection, and he cut the duty of 48 cents in half. We prevailed upon him to let it stand for a year. He did so because the refining company at Walkerville showed that they had made their contracts with the farmers and would be out the 24 cents if the duty was so reduced. After the right hon. gentleman allowed it to stand, it was pointed out that having done so for the reason stated, it was quite obvious to everybody that he was taking the money from the farmer and not from the refiner. Thereupon he very properly allowed the duty to stand. I am quite convinced that the same sense of fair play so characteristic of my right hon. friend would influence him to take the same action in this case if he were here to-day.

[Sir Henry Drayton.]

Mr. MURRAY MacLAREN ((St. John and Counties of St. John and Albert): Mr. Speaker, I would take this opportunity of bringing to the attention of the House the condition of the oil fields in the county of Albert. This matter was referred to a year or two ago. In the county of Albert the oil fields are in the early or development stage; there has as yet been no large development. Up to the present I understand that between a million and a million and a half dollars of British capital have been invested in this work. The amount of production, I say, is not large; the work is in its initial stages. The bounty that has been paid is something about $5,000 a year. If the bounty is to be abolished, as is now threatened, then this industry in Albert will lose that sum—a small sum, it is true, but it is something that would help. The profits are very small, or nil; therefore a bounty, even if a small one, is of first importance.

Two years ago the Minister of Finance of that day was very cautious about continuing the bounty, because he said there might be an outpouring of oil in the northern and western parts of this country. It was pointed out to him that that was a remote possibility; that it might happen within a year or perhaps not for fifty years; that he was legislating on something that might occur, to the great loss and disadvantage of industries that were being carried on to-day. It is important that this industry should not be subject to loss, because surely we will all agree that we should encourage the investment of money from without the country. The development of the oil area in Albert is a case in point, because it is largely British capital that has been invested in this work. The abolition of the bounty would unquestionably be a severe blow at the investment of British money in this part of the country. The work has not been put on a profitable basis, therefore those who have invested their funds in the work and are not yet receiving a fair reward cannot help considering that they are not being treated fairly. Surely there can be a means of providing that any such wonderful development of oil as has been predicted will not plunge the country into an enormous expenditure; surely the bounty can be limited to a certain point of production. I place this matter again before the minister in the hope that it may make some little impression on him. I sincerely believe that to abolish the bounty will not

benefit the country. You are proposing to make a small immediate direct saving, but the ultimate loss will be very great in injury to or the closing of these industries and in shaking the confidence of outside investors in this country.

Hon. EDMUND BRISTOL (Centre Toronto): Mr. Speaker, it is obvious that we are anxious to keep in Canada all the people we have here, if for no other reason than that they may help in the payment of our national taxes. It is equally obvious that we would like to bring back from the United States the hundreds of thousands of those who have been going there for a long time past, and particularly during the last two years. It is of much more importance that we should solve these two problems than that we should bring in immigrants from different parts of Europe who apparently spend one year in Canada and then go over to the States as fast as they can. In anything I have to say to-day I have no desire to find fault with this government or with any government; I shall simply try in a fair fashion to examine the difficulties which beset us and to see whether there is not something that we as a nation should do to help the situation.

Unquestionably we have a difficult situation to face. We have a national debt as a result of the war, which is costing us $200,000,000 a year. We have the National Railways, which, unfortunately, largely on account of the ambition of our friends opposite, are now costing us about $75,000,000 a year, and we have to pay our debts as we go along. We are subject to taxation which is greater than that of any other country. We cannot meet our yearly obligations unless we get people into Canada and keep them here, and unless we get money into Canada. I do not think that even my farmer friends, who may differ from us on many other points, will deny that it is a national necessity that we should keep our people here. We must first of all make our farmers prosperous; we must get more people into the country, and we must get—I hope—our own people back from the United States. In order to do all these things we must have additional capital, and if we are to get additional capital we must make the conditions just as favourable here as they are in the United States, which naturally is our greatest competitor, and which has more capital than we have.

Looking over the Ottawa Journal to-day I noticed an article on the subject of the Canadian and United States income tax, and a few of the figures given in that article are illuminating. For instance, on an income of $3,000 the Canadian tax is $40 where the United States tax is $7.50. Is it any wonder that our young men think of going to the United States to earn an income of about that amount when they are taxed only $7.50 upon it? Then, on an income of $4,000 the tax in Canada is $80 where in the United States it is $22.50. Is it any wonder that our men are going to the States? On an income of $5,000 the tax in Canada is $126 and in the United States $37.50. Then, when you come to the higher incomes, which many people think should be dumped over to the government: On an income of $1,000,000 the tax in Canada upon a man who has worked hard enough to get that amount is $696,000 while in the United States it is $429,000. Take even an income of $10,000, which is an average income in this country for a great many people: the tax in Canada is $619 while in the United States it is $207.50. Then take the wages that are earned in their respective countries: Young ladies who work in the stores, for example, get $13 in Ottawa and $30 in Detroit.

I do not think that the tariff changes which my hon. friend has suggested will have the effect at all of assisting the country in overcoming the difficulties we are discussing. On the contrary, we scared the life out of the manufacturing interests of this country that we were going to have eventual free trade, and that did more harm to this country than any tariff changes he made, because the tariff changes he has made have not been for the benefit of the farmer, but for the benefit of the manufacturer of agricultural implements. A short analysis will show my hon. friends that the manufacturer of implements is making more and the farmer making less. Iron, steel and other materials going into the manufacture of these implements come in free from the United States, and the manufacturer of agricultural implements is making just as much to-day as anybody in the United States. The farmers may think they are being materially aided by the tariff changes; I hope they are, but I am satisfied they will find on closer examination that the manufacturer of implements is the one man who is better off, and every other manufacturer connected with that industry, and the great mass of people in this country who are interested in manufacturing, have been injured by certain statements made by a couple of the ministers that the Liberal party is now headed on its journey towards complete free trade.

I say to my farmer friends, to start with, that I do not know any stage in the history

of our country when the Conservative party had not full appreciation of the fact that the prosperity of the farmers was absolutely essential to have progress in this country. Canada cannot get ahead unless the farmers are prosperous. They are certainly not prosperous in Ontario to-day. As far as western Canada is concerned, I think perhaps they are more prosperous than the farmers of North and South Dakota and of one or two other states bordering on this country, from the fact that our farmers in the West grow the best wheat in the world. They are good farmers, they work hard, and do the best they possibly can, but they have a heavy railway rate against them. It is less than in the United States, because in this country the farmers have been given the benefit of a railway rate to the head of the lakes which is 9 cents a bushel less than the American farmer gets; and I am glad of that because it gives the Canadian farmer a chance. But, coming as I do from one of the largest manufacturing cities in Canada, Toronto, I want my farmer friends to understand first and last that we believe we can have no real or great prosperity in any country unless the farmers of that country are prosperous. I do not think that what the government has done for the farmers this session is going to help very much in making them prosperous. I do not see how the five or ten dollars apiece will bring them prosperity. However, the western farmers are well able to look after themselves. They send a splendid lot of representatives to this parliament, men of great ability and intelligence, well able to look after themselves, so I am not proposing to give them any advice as to how they should conduct their own affairs. But I want this made plain: As far as the manufacturing interests of this country and the Conservative party are concerned, no sane man believes that this country can become great and prosperous until our farmers are made prosperous, and kept prosperous, and are treated fairly and squarely. It is clear they are men of great intelligence, and how they can go back seventy or eighty years and advocate free trade I do not understand. It is all very well in theory, and if we had free trade all over the world, and every country was free to import the natural products of the rest, we would have a lovely time; but when the other countries of the world have adopted a different policy and each has said, in effect, "We will keep all our business for our own country," there is not going to be any great prosperity in those other countries where free trade is adopted as compared with those countries that are looking after their own interests, and where manufacturers, farmers and the working people are in unanimous agreement for the good of the whole country.

Mr. EVANS: What is the matter with the farmers of Dakota? Have they not got protection?

Mr. BRISTOL: If my hon. friend will excuse me—I am speaking with very considerable difficulty—I can mention an article on the subject which appeared in a recent issue of the Saturday Evening Post, April 14, 1924, in which he will find the whole subject dealt with,—what the government of the United States is doing for the western farmer of that country who has not been intelligent enough to keep Mr. Pig and Mrs. Cow and these other accessories which our farmers go in for and which help to tide them over bad periods, bad crops and bad weather. That article deals with the subject much better than I could. I am trying to deal with the problem on a broad basis, and I say that in no country can you have prosperity unless the farmers are prosperous, and the idea of many farmers that the manufacturers are a body of gentlemen with their mouths wide open, wanting to eat up everybody else, is a great mistake. I know many distinguished manufacturers of Ontario whose fathers are farmers in the province of Ontario. Why? Because the farmer on the farm in Ontario produces the best breed of men and women anywhere in the world. They grow up in the fresh air amid healthy surroundings, and come to our great universities. They are splendid men, and they take possession of our cities and manufacturing just as my hon. friends to my left are taking possession of this government to-day.

I want to come back for a moment to what I think might help the situation in this country. I am quite satisfied that the five or ten dollars apiece that the farmers will get out of these tariff changes will not help them very much. There is another question. How are we going to get back into this country almost the one million French Canadians who are in the United States to-day? We want them back in Canada, because there are no better people in the world than these French Canadians, men and women, and there is no more prosperous province than Quebec, and no province that is better run. We would like to see these people back in this country. What has my hon. friend done in his tariff changes to get them back? He has had three or four members from the province of Quebec get up and tell him what a rotten tariff it is, —and they have not done full justice to it,

because they were very diffident, not wishing to hurt his feelings. The whole point, so far as the great provinces of Ontario and Quebec are concerned, is that the farmers are not prospering any more than is the western farmer, but they do not come here in a body and ask us all to get up and work for them, they are trying to do what they can with their farms to make themselves as prosperous as they can. If the western farmer got his free trade policy, it might help him get cheaper products in his home, perhaps, but the farmers of Ontario are perfectly well aware that if the manufacturing industries of this great province are injured, and if our population, and particularly our working men, leave this country for the United States, instead of staying in Canada, there is going to be no prosperity for them. Take the situation in the province of Quebec. You have not heard any of the members from Quebec agitate for free trade. Far from it; they would not dare to go back to their constituencies if they did so.

The policy of the present government seems rather to be one of trying to make friends of the farmers of the West and retaining power for the time being, rather than of considering the inauguration of a policy that would be of real value to the people of this country. Why, sir, will anybody tell me that the farmers in the provinces of Ontario and Quebec do not need protection on everything they produce? Take eggs for instance. The duty on eggs entering the United States is eight cents a dozen, whereas the Canadian duty on eggs coming in from the United States is three cents a dozen. The disparity there is quite marked, but protection for the farmers of the United States is a marked feature of their tariff. Now, it is vitally important, to my mind, that the farmers of Ontario and Quebec, in fact the agriculturists of the country generally, should have the same protection, if not more, in the case of products entering Canada from the United States as in the case of products going into the United States from this country. If that policy were adopted our producers of fruit and vegetables, for example, would be able to sell their products when prices were firm and the demand good; they would not, as at present, have to content themselves with the tail end of the market when most of the demand had been satisfied by the Americans.

The agitation for a lower tariff practically has arisen almost entirely in the West where great delight is felt because there has been a reduction in the duty on agricultural implements. This in itself is unimportant even when taken in the aggregate. Apparently however the western farmer is highly pleased because he has been able to force the government to take a step in the direction of free trade.

What we want in this country is a policy which will not only increase our industrial development but will augment our population. What we should strive to do is to retain our present population and bring back all those Canadians who have gone to the United States. A proper tariff policy would have these results. With all respect, I say that our tariff should be raised and not lowered, so that instead of importing nine million dollars' worth of agricultural implements from the United States, and seventeen million dollars' worth of woollen goods, we shall not import any. My advice to Canadians is: Do not import any of these goods; raise your tariff just as the United States has done. I do not mean to say that we should imitate the tariff policy of the United States in its entirety, but adopt such a policy as will cause to be made in Canada everything that can be produced or manufactured here. By doing this you will be giving real protection to our people.

A great many of our western friends, and other people also, are of the opinion that the manufacturers and the working men will be the only classes to benefit if that is done. Well, I am not in favour of allowing the manufacturers to milk, so to speak, the farmers or any other class of the community. But what I do say is, that any work required to be done in Canada should be done by Canadian workmen, who, in turn, will buy the products of the farmers. So far as the manufacturers are concerned, I am quite satisfied that my hon. friend the Acting Minister of Finance (Mr. Robb) will see to it that they pay their proper share of taxation; he can be depended upon to see that the manufacturers do not get unduly rich. If all the work needed by Canada is done by Canadians it will mean that the home market will grow and expand. There will be more people for the agriculturists to sell to, and the farmer of the West will get his share in common with the rest. I believe there are about two and a half million Canadians in the United States at the present time, and one of our objects should be to get them to return to their own country. We can get our own people back by increasing the demand for manufactured products, and the best way to do that is by making a judicious use of the tariff, just as the United States has done, and giving the first preference in our markets to Canadian manufacturers.

When Sir Wilfrid Laurier came into power in 1896, what happened? A tariff policy was framed which it was thought would work favourably for Canada. In the great constituency which I have the honour to represent a Liberal protectionist was elected at that time, and he was a very good man. He came down to Ottawa, in company with the Hon. Lyman Jones, at that time head of the Massey-Harris Company, and what did they do? They did not suggest that the tariff on agricultural implements should be lowered —not at all. In the new tariff regard was had to imported materials when used in the manufacture of agricultural implements exported abroad. That provided work for our own people and helped our manufacturers to successfully compete in European and other markets, with the manufacturers of the United States. That was a good thing for Canada, and our people prospered. Any one who examines the Laurier-Fielding tariff of 1897 will have difficulty in finding it to be other than a protectionist tariff under which the country prospered.

5 p.m.

Mr. HUGHES: It was roundly condemned by hon. gentlemen opposite at the time.

Mr. BRISTOL: It is possible that mistakes were made. The present government is making mistakes, and I am showing hon. gentlemen opposite how to correct them. The best thing they can do is to go back to the tariff of 1897. True that tariff underwent changes, but in the main it was a reasonably protective tariff and made provision for the necessities of the country. Not only did industries flourish under that tariff but there was a large influx of population. On the other hand, between 1874 and 1878 the Liberal policy was very much as it is to-day. It was upheld by gentlemen who professed to believe in free trade rather than protection—in a word they were gentlemen who professed what they thought would get them into office. The acting finance minister of to-day is a very able and very fair man, and I have great respect for him personally. It is for that reason I am pointing out these facts to him. When Sir Wilfrid Laurier and the great Liberals of that day succeeded to office they gave the country a somewhat better protective policy than the Conservatives had done. To-day we on this side are endeavouring to secure for the country a real protective policy such as the United States has framed for its people. A policy of that kind is absolutely essential at the present time if we are going to pay the interest on our national debt, keep our railways in successful operation, repatriate our people who have left the Dominion, and get more population from other sources.

The province of Nova Scotia has never had fair treatment in the matter of coal. It has an abundant supply. So also has western Canada. There is no reason in the world why we should send out of Canada to the United States every year the enormous sum of from eighty to one hundred millions of dollars for the purchase of coal. Ontario is producing its own electric power. That is what has kept that province alive, as well as the province of Quebec. But Canadian coal, rather than American coal, should be used in this country; there is no reason for spending the large sum I have mentioned in buying American coal when western Canada and the province of Nova Scotia can meet our demands in this respect.

There is one other matter to which I should like to refer. In Canada we have wonderful timber resources, and according to engineers we have also the greatest mineral resources in the world. That is a matter of absolute importance to this country. Fortunately we cannot take our mines and give them away to the United States. For that reason the mining is going on in this country, Canadians are being employed in the development work, and the money is spent in Canada instead of being spent in the country to the south. I advise the Acting Minister of Finance to give this country a real protection, a policy such as will protect the farmers of Canada, give our workmen a chance to earn good wages instead of going to the United States, and retain our population in all parts of Canada at home. If my hon. friend will inaugurate a policy of that kind he will do something which will be of real benefit to the people. I submit that the present tariff is not helping Canadian industries in any way whatever. It seems to be designed chiefly for the purpose of keeping the government in power, which to them is of great importance, of course. Furthermore the government's tariff policy has frightened the industries of Canada to such an extent that they are apprehensive of disaster and do not know what is going to happen from one minute to another. Finally it has put a damper on the country's prosperity.

Mr. B. W. FANSHER (East Lambton): If any person should be interested in the oil industry it is the representative for East Lambton which yields at least three-quarters of the oil produced in the Dominion. The plea advanced by the hon. member for West

York (Sir Henry Drayton) was made entirely on behalf of the farmers who are interested in the oil industry. I am somewhat at a loss to know why any plea should be made entirely from the farmers' standpoint. With that in mind, I wish to make a few observations. The oil industry, as most hon. members no doubt are aware, is not entirely in the hands of farmers. In fact, only a small portion of it is in the hands of farmers or those who own the land. Oil companies lease the land from the farmers with the object of drilling for oil, and the right of a company to put down a well and to enter into the oil producing business is always procured from the owners of the land by a lease which gives every eighth barrel or the equivalent thereof to the farmer. So, when the hon. member for West York (Sir Henry Drayton) speaks of the bounty being of such interest to the farmer, he is not entirely correct. The amount of bounty paid to the oil industry last year throughout the entire Dominion was less than $80,000. Only one-eighth, or less than $10,000 of that bounty went to the farmers of the Dominion of Canada during last year, while on the other hand about $70,000 went to companies operating the wells and producing the oil. Why then all this plea on behalf of the farmers when the meagre sum of $10,000 is distributed amongst the farmers of this Dominion who have oil wells on their properties?

We are indebted to the hon. member for West York for the somewhat lengthy history of the industry, and in this connection I have a few observations to make. It is true that in the early days of the oil industry there was a duty on crude oil coming into this country. At that time there was nearly enough oil produced within this Dominion to supply the needs. When, however, oil became more in demand and it was found necessary to procure crude oil from outside of this country to keep the refineries going, the Canadian refiners came to the government then in power and through their efforts secured the removal of the duty on crude oil entering Canada—another case simply of the manufacturer who was a free trader on what he had to buy but a protectionist on what he had to sell. The refiners succeeded in getting crude oil put on the free list and at the same time in retaining a protection on the refined article of from half a cent to two cents a gallon. Of course, the producers of crude oil at that time felt that they, having enjoyed the protection on crude oil, should not be left to shift for themselves. To satisfy the producers of crude oil, the Minister of Finance in 1904 gave them a bounty. He gave the refiners what they wished by giving them free crude oil and he gave the producers within this country a bounty. That has continued for about twenty years. Last year we were given notice that the bounty would be discontinued this year; that one-half would be cut off and that in the succeeding year the other half would be taken off; while the refining branch of the industry was left alone, it can obtain its raw product free and yet it has a protection of one-half to two cents per gallon on the refined product. What should have been done was to give assistance to neither. If the government removed the duty from crude oil, they should also have reduced the duty on the refined article and given this country the benefit. They have, however, made fish of one and flesh of another; they have put the producers of crude oil in open competition with producers of crude oil in other countries, but they have left the refiner in a position where he can charge from one-half to two cents a gallon, according to the grade of the oil, more than he could if not protected.

I was very much interested in hearing the remarks of the hon. member for St. John (Mr. MacLaren), and I observe from a return brought down in the House that some few hundred dollars less than $4,000 was paid in bounties to oil producers in his province, New Brunswick. In Ontario over $76,000 was paid in bounties and the major part of this came to the riding of East Lambton; in fact, I think I would be safe in saying that over three-quarters of the oil produced in Canada is produced in East Lambton and, therefore, three-quarters of the bounty paid would be paid in that riding. But that bounty went to no exceeding great number of producers. One hundred and fifty would count them all told. There are about fifteen oil companies operating in Canada and they get the major portion of the oil bounties. The farmers who have leased their lands to these oil companies get one-eighth or the small percentage.

Mr. MANION: Surely the hon. member does not think the farmer who just owns the land should receive the same bounty as the man who is developing the well?

Mr. FANSHER: I certainly do not. I do not contend that at all, but I contend that when hon. members in this House argue for the retention of the oil bounty from the standpoint of the farmer, when the farmer gets only

one-eighth, that is not placing the matter in a true light.

Mr. MANION: The farmer may think so.

Mr. FANSHER: It reminds me a great deal of the argument put up by my hon friends to my right in regard to the home market—their argument that the home market is of great benefit to the farmer, when in reality it is not. I was going to observe that the larger portion of the bounty goes into the hands of comparatively few men or few companies. Fifteen companies get the major portion of the oil bounty paid. Without giving the names of the companies, I wish to give a few of the amounts of bounties paid to oil operators in the riding of East Lambton for eleven months of the last fiscal year. They are as follows: $2,225, $2,594, $2,181, $4,805, $2,688, $1,592, $3,657, $3,469, $1,200, $6,337, $4,383, and $2,-104. These are amounts that are over $1,000; but many of the amounts paid the farmers are below $100. The main purpose of my rising on this occasion is to correct the impression that these oil bounties are of such great benefit to the farmers as we are led to believe. It has been said in the course of the debate that regardless of all political parties in that section of the country which is to-day engaged in oil production the people are unanimously in favour of the retention of oil bounties. I wish to inform my hon. friend (Sir Henry Drayton) that this is not the case. The oil industry in Lambton county has long passed the development stage; the territory has been fairly well tested to a depth of at least 400 feet and deep drilling has not taken place to any large extent.

Mr. PUTNAM: Can the hon. member tell us approximately how many farmers benefit at all from the bounties?

Mr. FANSHER: I am sorry I cannot give the exact number but I know I am well within the mark when I say that in the riding of East Lambton there are not more than 100 farmers receiving any benefit from oil bounties. There are only about 150 who receive cheques for bounties and of that number some 15 or 20 would be companies operating wells.

Mr. CALDWELL: And the companies get the major portion of it.

Mr. FANSHER: Yes, they get seven-eighths of it. We are very much concerned in the development of this country; and speaking for myself I am interested and concerned in the development of East Lambton; I want to see the oil industry there also develop. At the same time, however, a bounty to the extent of at least one-fifth of the selling price of the article when placed on the market is away beyond the extent of the benefit which we receive as a nation from the industry. Hence, although this industry is situated within the riding I represent, I cannot see the justice of giving assistance to the extent of one-fifth of the selling price of the crude oil. Crude oil is sold at from $2 to $2.50 and upwards a barrel and the bounty is 52½ cents a barrel. On the other hand, I do not think that this industry should be left to shift for itself while the refining end of the business enjoys a protection of from ½ cent to 2 cents a gallon. We should not make fish of one and flesh of another; they should all be on the same footing. I hope to see the day when the duty on refined oil will be reduced in this country so that the consumer may have some benefit in this direction.

Mr. MANION: I have listened with a good deal of interest to the remarks of the last speaker, and until shortly before the conclusion of his speech I had no idea where he stood on the question of oil bounties in his constituency, which is particularly affected. I drew the conclusion from the last remarks he made that as things stand to-day he favours the continuance of the bounties as they are. Am I right or wrong?

Mr. FANSHER: No hon. member who listened to my remarks can draw that inference from them; I do not stand for the continuance of the oil bounties as they are. The oil bounties constitute a protection at the expense of the public for the benefit of a few, the major part of those engaged in the industry being men who have amassed considerable wealth out of it, some of them indeed owning oil fields in foreign countries. Knowing them as I do, I believe a number of them would still be far better off without the bounty than those who are taxed to provide that bounty.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): It will take me but a few minutes to present a viewpoint which the last speaker omits. I should have thought that he would have a more comprehensive understanding of the question in issue, coming as he does from a district which is so vitally affected. He seems to take the view that inasmuch as the farmers rent their land for the most part, only a few of them actually produc-

ing the oil, and the producers receiving the bounty, therefore the benefit of the bounty goes only to those who are directly receiving it, that is to say, the producers. Any one who takes a view of that kind surely has not examined the subject.

It is the bounty of 52 1-2 cents a barrel, spread over some 167,000 barrels, that accounts for there being any production at all. The cost to produce runs to about $2.62 1-2 or thereabouts per barrel, varying from $2.40 to as high as $2.94. I am referring now to figures presented by one who certainly is familiar with the industry, and appearing in Hansard of a year ago. The sale price averages $2.62½, and there are approximately fifty per cent producing below the cost, the others producing above. But to maintain the industry there is required what might be described as overhead—a tank system, a pumping system, a conduit system carrying the oil from the point of production to the tanks in Petrolia and thence to the refinery at Sarnia, I believe. To maintain this overhead a production at least equal, or approximately equal, to the amount now produced is essential. Diminish that by half and you have not enough to hold the overhead with the result that not only the half which is losing money at $2.62½ but the half which is making money will suffer. At $2.62½, without the bounty, the business will cease. So that all the money spent to purchase Canadian oil, approximately $500,000 a year, will go elsewhere. If the farmer gets only one eighth of it his loss will be $50,000; that is to say, he would have that much less revenue. My hon. friend shakes his head; I do not see where this reasoning is wrong and I should be glad to be corrected if I am wrong. Where is the mistake?

Mr. FANSHER: There is only about $80,000 paid in bounties.

Mr. MEIGHEN: Apparently I have laboured in vain. What I am trying to make out is that if that assistance to the extent of $80,000, which turns over $500,000—

Mr. FANSHER: There is an "if" there.

MR. MEIGHEN: Yes, but I have supported that "if". I think I understand Mr. Speaker, why it is the hon. gentleman made the speech he did. I thought I had made the point perfectly clear; the bounty now certainly sustains the industry, for without it operations would cease. That is perfectly obvious if the figures are correct which have been presented in detail and which have never been refuted in this House. Nothing has been advanced to even modify them; either by the hon. member (Mr. Fansher), the Acting Minister of Finance this year or the Minister of Finance last year.

Mr. McMASTER: May I interject a question?

Mr. MEIGHEN: When I finish the sentence. You know, the member for Brome (Mr. McMaster) always sees the result of a sentence a little in advance and wants to head it off. People do not produce oil to lose. Those, then, who produce above $2.62½ quit anyway; with their stopping the overhead cannot be sustained; without the overhead the others cannot produce. So where is the industry? It is all gone.

Mr. McMASTER: No, no.

Mr. MEIGHEN: Let me hear from the hon. member for Brome.

Mr. McMASTER: If the bounty was discontinued, that might have the effect of allowing the less gushing wells to go out of existence, but would not the gushing wells which are making a profit without the bounty still continue?

Mr. MEIGHEN: I have just stated they could not, for this reason: the whole production is so small that it is no more than sufficient to warrant the overhead. Perhaps, "overhead" is not the correct word. I mean the pumping, tanking and conduit system necessary to carry the oil so many miles down to Sarnia. You cannot support that system from the production of what my hon. friend calls the gushing wells, those that make a profit without any bounty. They represent only fifty per cent of the total production; consequently they could not sustain the overhead. Unless you maintain the conduit system you cannot have any wells at all.

Mr. McMASTER: Yes, you can.

Mr. MEIGHEN: I do not think my hon. friend will venture to put his suggestion so that I can hear him.

Mr. McMASTER: Yes. I say the hon. member is looking at the situation as if it was one business with a number of wells of an equal capacity and productiveness. I think he is mistaken. I would say that in this district, as in all districts, there are certain wells which gush a great deal freer than others. The bounty may keep in a state of life certain wells which otherwise would close, but there must be a number of wells which would go on making wealth for their owners and lessees without any bounty at all.

Mr. MEIGHEN: I have to forgive the hon. member for East Lambton (Mr. Fansher), because I have not succeeded any better with the hon. member for Brome. He has not got my point at all. What he said is apparent and I stated the same myself. There are wells that produce at a lower cost than others, some as low as $2.40. These we will call the gushing wells, to suit my hon. friend.

Mr. McMASTER: Use a better word if you have one.

Mr. MEIGHEN: There are others producing at $2.50 up to $2.62½, which is the average; then there are others which are not so good and which produce at a cost of $2.70 up to $2.94, as per the figures which I have before me. Now the hon. member says that if you stop the bounty he will agree that all wells which are producing above the average of $2.62½, which is the sale price, will have to stop; but he says those below will keep going. Well, let him follow this. The production per day I think is some 250 barrels —the figure is not important for the moment. This oil runs through conduit pipes, pumps, and tanks, there are in all three systems, until finally it reaches the refinery many miles away. To maintain the interest on the investment in that system the whole amount of oil that goes through now is essential.

Mr. HOEY: Is that overhead jointly owned?

Mr. MEIGHEN: I understand so.

Mr. FANSHER: Is the hon. member aware that there is a refinery in Petrolia not a mile distant?

Mr. MEIGHEN: The cost of taking the oil down to Sarnia would, I suppose, be on about the same scale as the smaller operation in Petrolia.

Mr. FANSHER: Will the hon. member admit that the overhead might be reduced by not sending the oil so far away?

Mr. MEIGHEN: They would not send it to Sarnia unless it was the cheapest thing to do. They do not send it there for fun.

Mr. McMASTER: If the volume was reduced it might be cheaper to send the oil to the nearer place.

Mr. MEIGHEN: It might be, but when you get down to that detail it is admitted that half the production is gone.

Mr. McMASTER: No.

Mr. MEIGHEN: Yes, because all above the average will have to go. But I venture to say that this solution cannot be found, because I am referring to the facts presented last session by the hon. member for West Lambton (Mr. LeSueur), who has had more to do with this industry than any ten other men in this House, and he knows what he is talking about. The overhead cannot be maintained on half the production; consequently the industry depends upon the bounty. There may be a lagging amount left, but I would gather from the very clear statement presented by the hon. member a year ago that what would be left would be straggling and poor. Virtually the whole industry depends on the bounty. If the farmer in many cases rents and gets an eighth, then his eighth is gone; but all the rest who rent for cash or anything else find their share gone, and the money is diverted into the mid-continental field. This is what we are deciding, and this is what the government has decided in the negative. The government cannot be doing it because it is afraid of big interest control. If ever there was a case where the profits do not go to the big interests it is here, where it goes into very many pockets. It may first of all only reach the number the hon. member refers to, but ultimately it gets to thousands and it sustains a fine district of Canada. If we are going to follow the principle which the hon. member wants adopted in this case, follow it right through to the disastrous conclusion. The government is marching there all right; its feet are on the path—the path which leads to a much more dismal territory than any dream of now.

Hon. R. J. MANION (Fort William and Rainy River): Mr. Speaker, I do not propose to deal with the bounties on oil in particular, because I know very little about the question, but with bounties on other commodities. I well remember, Sir, that the steel industry of this country was built up under a bounty system. I am trusting to my memory, but I believe the amount of money which we spent in bounties for our steel industry between 1896 and the following few years amounted to something like $17,000,000—a very small amount when it is considered that it built up the whole industry. I am rather surprised, naturally so, I suppose, because of my beliefs, at the attitude taken by certain hon. members, for example by the hon. member for East Lambton (Mr. Fansher) who spoke this afternoon, and who is vitally interested in this question, and by most of the representatives of the farming sections, particularly the prairies, in opposition to bounties as well as all other forms of pro-

tection, for it would appear to me that it should be plain to almost everybody that there are times when a properly regulated bounty system is one of the best methods by which any line of industry, whose establishment is at all feasible, can be built up, especially when such old free-traders as those who are quoted so frequently in our debates —John Stuart Mill, for example—can be quoted in substantiation of that fact.

But we have had bounties on other things besides steel. This year the government is taking the bounty off oil produced in southern Ontario; but last year it gave bounties to other industries to encourage them. Indeed the whole principle of the tariff policy of this government is a sort of hit-a-black-cat-in-the-dark type of policy; nobody knows what is going to happen this year as compared with what happened last year. I do not remember what it was that bounties were put on last year, but I remember the Minister of Finance bringing in bounties on flax, I think it was, and on copper rods—there were two or three items. This year for some reason the bounty is to be taken off the oil industry. But there are other bounties paid in Canada. I have pointed out, and my good friend from Springfield (Mr. Hoey), I think, mentioned it recently, that very many bounties are paid and have been paid during past years to the agricultural industries of this country in the shape of agricultural estimates. These may not be direct bounties in so many dollars paid to the farmers, but the farmers are the people who benefit from them. We have in the estimates this year something like $6,000,000 for the farmers in the various branches of agriculture—experimental farms, pest acts, and so on; I do not know the names, but I could look them up in the estimates. At any rate this $6,000,000 is directly for the benefit of the agricultural interests. Not only that, but England has bounties on many lines of goods, or has had in the past. Even to-day, under free trade, England has a bounty on her steamship services, and has had for many years. No country in the world has had the shipping success that England has had. One of the reasons has been that England has always paid subsidies or bounties to her shipping, and one of the reasons why the United States shipping was driven off the seas was because England paid bounties and the United States did not. It was the only branch of trade and commerce in practically the whole of the United States that was not given some form of protection or bounty.

Mr. VIEN: If my hon. friend will permit me a question, what does he mean by a bounty to agriculture?

Mr. MANION: Well, I have my estimates here somewhere; I could give the items to my hon. friend. I do not mean a bounty directly in money to the farmer, but I can give the instances. I have referred to estimates amounting to $6,000,000—

Mr. VIEN: Will my hon. friend distinguish between what he calls a bounty to agriculture and any public service like the building of a wharf or the building of a railway, which serves industry just as much as agriculture?

Mr. MANION: The difference is that in building a wharf or a railway it is for the whole population, but this is not. Here is an agricultural estimate of $5,850,500.

Mr. BROWN: In regard to some items included in that estimate, may I ask what about the money spent in eradicating tuberculosis? What about the money spent on this magnificent park down along the canal? Does my hon. friend want to charge all that against the farmers? I am admitting, of course, that that money ought to be paid.

Mr. MANION: I do not know what my hon. friend refers to when he talks of eradicating tuberculosis and about a park down along the canal. I can read from the items here.

Mr. BROWN: The eradicating of bovine tuberculosis is paid for out of the agricultural estimates, and it is not a matter in which only the farmers are interested.

Mr. MANION: That is possible. There may be a few little items here in which the farmer alone is not directly interested. Now, let me read the items.

Mr. FORKE: Will my hon. friend permit me?

Mr. MANION: Yes. I usually bring hon. gentlemen to my left to their feet whenever I mention these estimates.

Mr. FORKE: That is because we want to get at the facts. I suppose there is an item included in the estimates for research. Assuming it was possible by scientific investigation to find a remedy for rust in wheat, would that benefit only the farmers, or would it benefit the people of the whole Dominion?

Mr. MANION: That would be a benefit to the farmers, and certainly it would indirectly benefit the whole Dominion.

Mr. FORKE: That is an agricultural estimate.

Mr. MANION: Yes, just as the discovery of Marquis wheat was of benefit to the whole of Canada. But let me mention a few of these items: Here we have Experimental farms, $1,400,000. Would my hon. friend the leader of the Farmers' party claim that that is of any direct benefit to me, that it is of direct benefit to the manufacturers?

Some hon. MEMBERS: Surely.

Mr. MANION: Well, the whole attitude of my hon. friends is and always has been that what helps the farmer helps the whole country but that which helps the manufacturer does not help anybody else. I do not wish to be unfair to my hon. friends, but at times they give one the impression of absolute selfishness in their attitude. I do not mean to say that to hurt their feelings at all, but when they argue that expenditure for experimental farms is of any benefit whatever to me they argue something that is beyond my comprehension.

Mr. VIEN: Does my hon. friend compare an appropriation for experimental farms to a grant of so much per ton of production to a particular industry? Does he not rather think that a bounty must be a payment on the basis of so much say per bushel produced—that is, if he wants to make the comparison?

Mr. MANION: Well, my hon. friend is now arguing as to how it is done; I am not going into these little details. The point is this: Experimental farms are directly of advantage to the farmer, and agricultural colleges are directly of advantage to the farmer.

Mr. HALBERT: They are not a bonus.

Mr. MANION: Yes, they are an indirect bonus to the farmer.

Mr. HALBERT: No.

Mr. MANION: I differ from my hon. friend; they are an indirect bonus to the farmer. Take, for example, the administration of the Destructive Insect and Pest Act.

Mr. WARNER: I would ask my hon. friend if he would consider it worth anything to the implement manufacturers that the farmers are able to buy the implements they make?

Mr. MANION: Yes I do, and I consider it of great advantage to the farmer that he is able to sell his goods to the implement manufacturers and their employees. But that is what the farmer does not see; that is what he does not admit. This afternoon some speaker derided the home market. Certainly I do say that, in a general way, as this helps the farmer it helps the whole country.

Mr. WARNER: Then why is the hon. gentleman complaining about these estimates not being of any benefit except to the farmer?

Mr. MANION: I was not complaining at all. I am simply pointing out that the members from the prairie provinces continually take the attitude that we must not help anything such as this oil industry—an industry in which, by the way, I am not interested one way or the other. But I submit that these agricultural estimates are of direct interest and of direct benefit to the farmer, and they cannot be argued to be anything else. By helping the farmer they help the whole country; I do not dispute that, just as by helping the manufacturer we help the whole country. But that is what the western farmer will not admit. He says: If you help the farmer you help the whole country, but if you help the manufacturer you steal it from us. That is the attitude the western farmer takes. Do not let there be any misunderstanding: I am not complaining about one dollar of these agricultural estimates, and there never has been any objection to them from this corner of the House; we support them.

Mr. WARNER: Who is it pays the biggest part of the money that is given to these experimental farms?

Mr. MANION: I will tell the hon. gentleman who pays the biggest part: It is the same people who pay the biggest part of the taxes of this country—the industrial centres. Look over the taxes, see who pays them, and you will find that the farmers do not pay them to any great extent; you will find that the manufacturing and industrial centres of this country pay them.

Mr. HALBERT: And charge it up in the prices of their implements.

Mr. MANION: Possibly they get some of it back, and I do not see why they should not. But who pays the income taxes? Ninety-eight per cent of them are paid by the industrial centres of this country.

Mr. GOULD: Will the hon. member argue that it is because of laxity on the part of officials of the department that the taxes are not paid by the farmers?

Mr. MANION: I am not charging anything; my hon. friend will not take me away from my point. I was asked by one hon.

member who paid the bounties, and I pointed out that the industrial centres paid them to a large extent.

Mr. WARNER: I would like to know where those who pay them get the money to pay them with?

Mr. MANION: They do not get it from the farmers. They get some of it from me, for example, and I am not a farmer, neither am I a manufacturer. But I am quite sure that they get more of it from me than they do from some of my hon. friends who talk more about what they do. Now, if I may be permitted to go on—

Mr. LEWIS: I would like to point out that this whole discussion is out of order. We are not dealing with the agricultural estimates.

Mr. MANION: I always notice that my hon. friends do not like this discussion about the agricultural estimates. Now, Mr. Speaker, I was not going to read all these items; too much of my time has been taken up already.

Mr. LEADER: If the hon. gentleman will permit me—I do not as a rule interrupt hon. members when they are speaking; this is about the third time I have interrupted anybody. But I wish he would read some of the agricultural items. If he does not, I will read one.

Mr. MANION: I have the floor just now; my hon. friend may read it after I have finished.

Mr. LEADER: Read the Health of Animals item, for instance.

Mr. MANION: I will read them all if my hon. friend wants me to:

Experimental Farms	$1,400,000
Entomology	25,000
Administration of the Destructive Insect and Pest Act	310,000
Dairying	230,000
Cold Storage Warehouses	30,000
Fruit	182,000
Health of Animals	2,000,000

(Administration and enforcement of Animal Contagious Diseases Act and Meat and Foods Act).

Mr. LEADER: Is not that last vote of benefit to the whole country, rather than to the agriculturists alone?

Mr. MANION: Some of it is of direct benefit to the population generally, but most of it, I should think, is of direct benefit to the farmer. The next item is Publications, $33,500. These publications deal with agricultural questions. They are not of any special interest to me, and if my hon. friends do not think they are of any use to them, why not move to wipe out the item? These publications are of no use to the manufacturers, nor to me as an ordinary medical man.

Mr. WARNER: When you help the farming industry are you not helping the rest of Canada?

Mr. MANION: That is true, but how can you help the manufacturing industries in this country without helping at the same time the rest of Canada? I think that question is just as proper as my hon. friend's. There are farmers in this country beside those in the prairie provinces. There are farmers in Ontario and Quebec, and about 90 per cent of their total products is sold to people dependent upon the manufacturing industries in the two provinces. If you wipe out the tariff altogether, you may temporarily help the prairie provinces, but probably you will ruin permanently the Ontario and the Quebec farmer, and there are as many farmers in those two provinces as there are in the prairie provinces.

Coming back to the question of bounties, I was going on to say when I was interrupted, that generally speaking free-traders look upon bounties as the fairest method of assisting industry. To my mind it is one of the very fairest methods. If you wish to build up an industry, if you give it a bounty you know exactly what it is getting. Questions have been put on the order paper this session with respect to the oil bounties, how much was received in bounties, and what the production was. You can get that information under the bounty system, so if we are going to have any type of production, and my hon. friends apparently agree with me that they are not moving very far this year towards free trade except in the matter of agricultural implements, we might as well have the bounty system.

There are other industries in this country that could be helped to a great extent by bounties, and which have not been helped so far. This year the Ontario government, the good Conservative government which wiped out the Drury crowd, to the great blessing and prosperity of this country, to my mind, have brought in a measure for paying a bounty on iron ore We are importing into Canada to-day iron and its products to the extent of $175,000,000 a year. I for many years advocated in this House, until it became a bit of a joke, that something be done to assist the production of iron ore in Canada. I quit in 1921; that was the last time I spoke on the question. To-day the Conservative

party in power in Ontario have passed an act providing a bounty for iron ore production in Canada. We are importing practically 100 per cent of the iron ore being used in Canada. The Ontario government sent a message to this government, asking whether they would go halves in giving this bounty to assist in the production of iron ore in Canada and the use of Canadian iron ore in blast furnaces, but so far as I know they have received no encouragement from this government, and consequently they are to-day going to give an iron ore bounty themselves, I understand, the province bearing the whole cost of the bounty to develop the production of our iron ore.

It is a most important question, Mr. Speaker. Here we have a country with hundreds of millions of tons of iron ore scattered over it from the Atlantic to the Pacific. There are hundreds of millions of tons of iron ore in northern Ontario, British Columbia, some in the Maritime provinces, and some right outside of Ottawa. Within fifty miles of where we are sitting to-day there are large deposits of iron ore, claimed to be of very high quality. This iron ore cannot compete with the iron ore in the United States. No one will dispute that if, by giving a bounty or some other form of assistance, we could develop the production of iron ore in Canada, and use our own product instead of importing this iron ore from the American shores of lake Superior, it would be a good thing for this country. We have running across northern Ontario three lines of railway, and that is one section of this country that is not getting the traffic it might get; it has not the population. The great proportion of the hundreds of millions of tons of iron ore in Canada, exist in northern Ontario, and the great proportion of the railway lines that need traffic are in northern Ontario. Nearly fifty per cent of the whole traffic in the United States comes from the mines, and in Canada we are importing hundreds of millions of dollars worth of iron ore and iron goods of various kinds.

I have here the monthly bulletin of the Canadian Institute of Mining and Metallurgy, and in an article the Deputy Minister of Mines, Dr. Camsell, gives import and export figures showing that in iron and iron products we imported in 1923, in round figures, $170,000,000; in non-ferrous metals, $40,000,000, and non-metallic minerals, $171,000,000, making a total of $381,000,000. Surely, the building up of an iron industry would be of the utmost importance to Canada, because the iron and steel industry is one of the basic elements of commercial prosperity in any country. Before the war, Germany and the United States were rapidly coming to lead the world in the production of iron and steel. England, up to a few years ago, led the world, but Germany caught up, and the United States has now far surpassed her. It would be of vast benefit to Canada to develop this industry, and I think this government has been derelict in its duty in not meeting half way the Ontario government. The reason is, of course, this government was afraid of opposition from my friends to my left, who, at any rate, are consistent and insist on stopping anything in the shape of protection of any kind.

Mr. LEWIS: Why could not this industry be developed without a bounty? Are there any special reasons why it could not compete with the industry in the United States?

Mr. MANION: I wish to finish by six o'clock, but I will answer briefly. The reason is the iron industry in the United States has got a start. It had immense capital to develop it, and hundreds of millions of dollars have been spent on plant, railways and steamship lines. They have a development there which we cannot compete with at the present time. My hon. friend from East Toronto (Mr. Ryckman) tells me that the industry in the United States also started with a bounty. They have millions of dollars tied up in that industry, and our poor little mines in northern Ontario, with no capital to speak of, cannot compete with them. The claim is also made, unfortunately, that our iron ore which has been developed up to the present time is not equal in quality to the iron ore of the United States.

Mr. WARNER: Could it be developed in large enough quantities to compete with the United States?

Mr. MANION: Yes, we have hundreds of millions of tons.

Mr. BROWN: I have been informed that the iron ore of Minnesota is very easily mined. Can the ore of northern Ontario be mined as easily?

Mr. MANION: Some of the iron ore in Minnesota can be more easily mined than any we have yet discovered in Canada. Some they can simply dig out with a steam shovel, but that is exhaustible. Jim Hill—J. J. Hill, the great Canadian whom you all know—made the statement fifteen years ago that within 25 or 30 years the iron ore of the United States would be within sight of exhaustion. About 60,000,000 tons a year of iron ore are being

used over there. The United States still has a vast amount of iron ore in the country, but rather than use up its own supply it is looking to other countries, including Canada, to meet its demands. It would be far better, for this generation at least, if we could utilize our own resources and build up in northern Ontario, in British Columbia, in this particular section of Canada, and in the Maritime provinces, a large iron industry. Viewed from every possible standpoint that would be a good thing to do. I submit that a bounty, such as we are discussing to-day, would be one of the fairest ways of establishing such an industry in Canada. I submit further that the government should consider very seriously, before they wipe out the bounties upon oil. They should likewise seriously ponder the question of whether they should not join with the province of Ontario and aid, by other bounties, in the development of industries like the iron industry.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

RILLA MAY FREEMAN

The House in committee on Bill No. 67, for the relief of Rilla May Freeman.—Mr. Gordon. Mr. Gordon in the chair.

On section 2—Right to marry again.

Mr. MEIGHEN: Why is this clause "right to marry again" inserted?

The CHAIRMAN: The bill was amended in the Senate to that extent.

Mr. MEIGHEN: Is there another clause giving the divorcee the right to marry again?

The CHAIRMAN: No.

Mr. MEIGHEN: Are we to presume that the divorcee has not the right and the party granted the divorce has? The bill has been changed. I do not know why the change back is made.

Mr. KAY: I was on the Private Bills committee and I might say that a conference was arranged between the Private Bills committee of this House and the Divorce committee of the Senate. They reported back to the Private Bills committee that this was the better form of bringing down the bills. It was agreeable to the Senate committee.

Mr. MEIGHEN: The explanation is not very convincing. The committee is waiting for the Minister of Justice to give an explanation in connection with divorce bills.

Mr. LAPOINTE: I hope the committee will do without the Minister of Justice in connection with divorce bills.

Mr. MEIGHEN: We have an impasse. The question is why the change has been made back to the old form embodying a distinct clause permitting the divorcer, that is the petitioner, to marry again. I raised the point that that power naturally follows from the dissolution of the first marriage, and as well that to be logical we should go on and provide special power for the divorcee to marry again. I do not know why the change back has been made.

Mr. LAPOINTE: I understand this change has been made by the Private Bills committee. I saw something about it in the newspapers, but I should like the chairman or some member of the committee to explain what really took place. I do not know. I have no objection to letting this bill stand.

The CHAIRMAN: If I might be allowed to interrupt, I might say that a conference was arranged with some members of the Senate, and under the authority of Rex versus Mill's, volume 10, Clarke and Finnelly, page 534 it was decided in 1844 that the English canonical law formed a part of the common law of England and that the canonical rule 107 forbids marriage of divorced persons. It was thought there was some doubt as a result of that, and the case of Hodgins versus McNeill, volume 9, Grant, page 305 decided in 1862, seems to indicate that, so I am told by Mr. Mackinnon, a member of this House, who is a member of the Private Bills committee. As a result of a conference between the law clerk of the Senate and, I understand, counsel of the House of Commons, it was agreed between the committee and the members of the Senate—although I do not know whether the Senate officially endorsed it—that it would remove any doubt if this second clause were added.

Mr. MEIGHEN: This seems pretty far fetched and cannot possibly be the law of Canada, because the divorcee has in hundreds of cases married again.

Mr. HAMMELL: They did not have the right.

Mr. MEIGHEN: The custom for fifty-four years would establish the right.

Mr. LAPOINTE: This clause was incorporated in the bills passed in former years and I understand that it is only this year that it has been omitted.

Mr. MEIGHEN: That is right.

Mr. LAPOINTE: It is being adopted again.

Mr. MEIGHEN: The divorcee has never been specifically permitted by any legislation to marry again; but the divorcee always has done so. Certainly it is the intention of parliament to continue that right, and if we are going to be so scrupulous and meticulous about the ancient canon law of England we had better go on and provide for the divorcee also.

Mr. McBRIDE: As a member of that committee, I might say that it was the Senate that made the change and not the committee of this House. When the matter came up in committee of this House there were present some of the legal department and the question was raised whether it was best to leave it as it was or have the change made. The chairman of the committee suggested that there should be a joint meeting of the committee of the Senate and the Private Bills committee to take up the matter with the law officers and report back. When their report came back to the committee it was to the effect that it was best to leave the matter as it had been, and we therefore acted accordingly.

Section agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 18, respecting a certain patent of The Fleischmann Company.—Mr. Jacobs.

Bill No. 56, for the relief of Theresa Agnes Sprague.—Mr. Kennedy (Glegarry and Stormont).

Bill No. 57, for the relief of Terry Andrea Maxwell Bruce.—Mr. Boys.

Bill No. 68, for the relief of Jessie Maria Watchorn.—Mr. Rankin.

Bill No. 69, for the relief of Walter Scott Miller.—Mr. Logan.

Bill No. 70, for the relief of Harriet Bertha Wiser.—Mr. Rankin.

Bill No. 71, for the relief of Esther Mary Edwards St. George.—Mr. Chew.

Bill No. 72, for the relief of Mabel Peters.—Mr. Stewart (Leeds).

Bill No. 73, for the relief of William Thomas Trot.—Mr. Stewart (Leeds).

Bill No. 74, for the relief of Lucy Elizabeth Smith.—Mr. Carruthers.

Bill No. 75, for the relief of Florence Luella Patterson Kelly.—Mr. Ross (Kingston).

Bill No. 76, for the relief of Arthur Harold Mingay.—Mr. Rankin.

Bill No. 77, for the relief of Isabella Guild.—Mr. Hudson.

Bill No. 78, for the relief of Albert Lawrence.—Mr. Harris.

Bill No. 79, for the relief of Douglas Lewin.—Mr. Boys.

Bill No. 80, for the relief of Mary Quinn.—Mr. Wallace.

Bill No. 81, for the relief of Marie Darling Irving.—Mr. Wallace.

Bill No. 82, for the relief of Margaret DeMello.—Mr. Wallace.

Bill No. 83, for the relief of Mary Caroline Dooley.—Mr. Stewart (Leeds).

Bill No. 84, for the relief of Barbara Gibb Duncan.—Mr. Martell.

Bill No. 85, for the relief of Nellie Sinkins.—Mr. Martell.

Bill No. 86, for the relief of Catherine Jean Livingstone.—Mr. Sheard.

Bill No. 87, for the relief of Alice Maud Knowles.—Mr. Sheard.

Bill No. 88, for the relief of Jessie Ruth Haverson.—Mr. Sheard.

Bill No. 89, for the relief of Arthur Foord.—Mr. Arthurs.

Bill No. 90, for the relief of Harold Gordon Hendry.—Mr. Sheard.

Bill No. 91, for the relief of Karl Peter Hansen.—Mr. Ladner.

Bill No. 92, for the relief of Ethel Hadden.—Mr. Sheard.

Bill No. 93, for the relief of William James McLaughlan.—Mr. Ross (Kingston).

Bill No. 94, for the relief of Alyce Wilson.—Mr. Boys.

Bill No. 95, for the relief of Lemuel Burkett.—Mr. LeSueur.

Bill No. 96, for the relief of William Ewart Gladstone Pettinger.—Mr. Harris.

Bill No. 97, for the relief of Anna McGeachey.—Mr. Sheard.

Bill No. 98, for the relief of Antonio Pietranglo.—Mr. Sheard.

Bill No. 99, for the relief of Ella Vear.—Mr. McQuarrie.

Bill No. 100, for the relief of Anna Welton.—Mr. Sheard.

Bill No. 101, for the relief of Marjorie Mahaffy Cox.—Mr. Kay.

Bill No. 102, for the relief of Mary Elizabeth Milne.—Sir Henry Drayton.

Bill No. 103, for the relief of Georgina Myrtle Potts.—Mr. Mewburn.

Bill No. 104, for the relief of Guy Barrington Hutchings.—Mr. Spence.

Bill No. 107, for the relief of Amy Selain Slater Therrien.—Mr. Jacobs.

Bill No. 108, for the relief of Harold Adrian Proctor.—Mr. Garland (Carleton).

Bill No. 109, for the relief of Harry Charles Arthur.—Mr. Martell.

Bill No. 110, for the relief of Tony Bazar.—Mr. LeSueur.

Bill No. 111, for the relief of Gordon Johnston Hutton.—Mr. Stewart (Hamilton).

Bill No. 112, for the relief of Douglas Carlyle Bell.—Mr. Ross (Kingston).

Bill No. 113, for the relief of Elma Catheryne Caulfield.—Mr. Ross (Kingston).

Bill No. 114, for the relief of Alice Bertha Boyce Baker.—Mr. Spence.

Bill No. 115, for the relief of John Lee Williamson.—Mr. Church.

Bill No. 123, for the relief of Nora Pearce.—Mr. Boys.

Bill No. 124, for the relief of Albert Francis Ray.—Mr. Garland (Carleton).

Bill No. 125, for the relief of Irene Mildred Jeffrey.—Mr. Boys.

Bill No. 126, for the relief of Florence Mitchell.—Mr. Martell.

Bill No. 131, for the relief of Ruth Ethelind Jackes.—Mr. Ryckman.

Bill No. 132, for the relief of Wilfrid John Mitchell.—Mr. Simpson.

Bill No. 133, for the relief of Edward James Bentley.—Mr. Sheard.

Bill No. 134, for the relief of Elizabeth Sylvia Cameron.—Mr. Ross (Kingston).

Bill No. 135, for the relief of Wilhelmina Aird McKay.—Mr. Preston.

Bill No. 136, for the relief of Mary Ellen McClelland.—Mr. Garland (Carleton).

Bill No. 137, for the relief of Annie Jane Bridges.—Mr. Harris.

Bill No. 138, for the relief of Florence Rathbun.—Mr. Thurston.

Bill No. 139, for the relief of William Samuel Morrow.—Mr. Stewart (Leeds).

Bill No. 140, for the relief of Ethel May Macdonald.—Mr. Church.

Bill No. 141, for the relief of Stanley George Harris.—Mr. Sheard.

Bill No. 144, for the relief of Evelyn Eira Awrey.—Mr. Stewart (Hamilton).

SECOND READINGS

Bill No. 167 to amend the Act to incorporate the Board of the Presbyterian College, Halifax.—Mr. Duff.

Bill No. 168 for the relief of James Koniaris.—Mr. Wallace.

CUSTOMS TARIFF, 1907, AMENDMENT

The House resumed consideration of the motion of Hon. J. A. Robb for the third reading of Bill No. 127, to amend the Customs Tariff, 1907.

Mr. MANION: Mr. Speaker, when the House rose at six o'clock I was pointing out to the House that the imports of iron and other products which we ourselves could produce, and which we had in large proportion in this country, amounted to a very large sum. I have since looked up the figures, and although I unfortunately have been unable to get the figures for last year, I find that two or three years ago the imports of coal amounted to $70,000,000, of oil to $46,000,000, and of iron and its products to $175,000,000, in round figures. These figures may vary somewhat from year to year, but roughly speaking they would represent the average annual importation. When we consider that we have in this country the second largest coal deposits in the world, the United States only having deposits greater than ours, it seems ridiculous that we should import coal to this amount. Of course, it is true that due to transportation difficulties the coal of the West and the coal of the East is found difficult to be brought into the central part of Canada. At the same time, I am one of those who would be perfectly willing to see some method worked out whereby the people of Canada generally would be able to give some bonus, if necessary, in the shape of freight rates, on, say, the coal of western Canada being brought to the East, and the coal of eastern Canada being brought westward, so that we would be able to correct to a certain extent our adverse balance with the United States as shown in the figures I have just mentioned. I know that last year in my home city we used a great deal of coal from the prairie provinces, and it was very satisfactory. I am entirely of the opinion that we have been pursuing a wrong policy in using anthracite coal where we might have been using our own softer coals. I believe that that, among other things, has been helping to make our cost of living higher. It is another instance, as Jim Hill once said, of the high cost of living being due to the cost of high living.

So far as coal is concerned I think we might well consider the payment of a bonus through railway rates so that eastern and western Canadian coal could be brought to the central part of Canada. There is a crying need for that.

It is true that we are not producing much oil in this country, but we have very heavy oil deposits, and that is where the bounty would come in. We could produce part of our own oil and prevent practically that $50,000,000 importation of oil which we are now getting from the United States.

It was with the question of iron and its products that I was dealing more particularly this afternoon. It is a question in which I am much interested because in 1918, 1919, 1920, and 1921, I spoke in this House along the lines of doing something to develop the iron industry in Canada. I was supported in those years by the hon. member for West Algoma (Mr. Simpson), and by a number of other members, some of them on the Liberal side of the House. I do not know if I was supported by any of the Progressive members, but there were not then so many of them as there are now. At any rate, this is a question which has been before the people of Canada for a great many years. Away back in 1896, a large proportion of the iron ore we were using was Canadian iron ore. To-day we are using practically none that is produced in Canada. There is a point I mentioned before recess, and in the interim I ran across my file and found a letter dealing with this side of the question, that Canada should develop her iron resources—and her oil resources, for that matter, but iron particularly—because it furnishes heavy bulk traffic for the railways. I have here a letter written to me in 1921, after one of those speeches of which I have just spoken, by the commissioner for the National Railways on this very important question. Mr. Green, then commissioner for the National Railways, wrote me as follows:

> I have been trying to find the official paper from which I gleaned the information regarding the British government assisting iron production during the war.

He goes on to say that he cannot find it, but that he is convinced that during the war the British government, a free trade government, assisted in the production of iron and iron products in that country. He goes on:

> I am keenly interested in this subject, which I believe is a vital matter to the Canadian National Railways; in fact, I do not know anything of greater importance to Canada as a whole than the development of our iron resources.
>
> I do not know whether this aspect of the case has struck you, but it seems to me that apart from all the other considerations that we have got to do something as a protective measure, as the exhaustion in the hematities of the United States, the lake Superior region, is within measurable distance, and we do not know when that source of supply may be denied us.

[Mr. Manion.]

He mentions there a side of the question I shall deal with in a few moments, but before coming to that, we all know in this House that we have in Canada a greater mileage of railway per thousand of population than any other country in the world, and that is the reason we have on our hands a railway problem, and we can only solve it by increased traffic for the railways and increased population. The development of our own coal and oil resources is one of the ways in which we can increase traffic for the railways and the population of Canada.

I come now to the side of the question he mentions in that letter. He points out that it is possible in the years to come the United States may find it reasonable to stop the export of some of these products into this country. Now probably the very first thing it would stop would be the export of iron ore, because, as Jim Hill said, in thirty or forty years the iron resources of the United States will be within sight of exhaustion. When the United States sees that day coming it is not going to permit iron ore to be shipped into this country, and it would be a serious matter if Canada at this time did not look far enough in advance, or had not vision or imagination enough now to develop, to a certain extent at least, her own iron ore resources. I might point out that if a bounty were paid upon iron ore, as suggested by the Conservative government of Ontario at the present time, there would be no bounty paid unless the iron mines were developed. In other words unless there are results no bounty is paid out, and no expense is incurred.

During the dinner hour I went to my room and obtained a report which has a very important bearing upon this question. I had forgotten that report this afternoon as I spoke without preparation. The subject is one with which I am more or less familiar but I did not prepare my remarks and I had forgotten the report in question. It is the report of the Ontario Iron Ore committee, which I had left lying on my desk and which I have not looked at for some months. This committee—and by the way its report should be of particular interest to hon. gentlemen to my left—was appointed by the late Drury government. This is one of the few acts of that government which I would care to praise. The Drury government appointed a committee whose members I do not know, with the exception of Mr. Cowie. I do know that he is in the iron business in Sault Ste. Marie and has been in it all his life. That committee was appointed for the purpose of

looking into the whole iron ore question. With the approval of the House I am going to read a few paragraphs from the report. At the time this report was drawn up the final report had not been printed—this is only a mimeographed copy. The committee say:

The committee appointed by order in council, October 25, 1922, to make research, investigate and report upon the extent and quality of the deposits of low grade iron ores in Ontario, the best commercial methods of beneficiating the same and generally what steps or measures should be adopted to enable the low grade and other iron ores of this province to be utilized in the production of pig iron and steel, have the honour to submit their report herewith.

I have glanced through the report and marked a number of paragraphs which very briefly I wish to place upon the record because they are of interest. But before I do that I wish to repeat that this committee was appointed by the late Drury government—the Farmer-Labour government of the province of Ontario—and this is the report of the committee appointed to deal with this very question. Their report in brief is to the effect that we should give a bounty to develop the iron ore resources of Canada. However, I am going to read some of their observations and recommendations. They say this:

It is with some satisfaction we assert that, though to-day Ontario iron ore requirements are supplied wholly from the United States, that we could, if stern necessity demanded, produce from our own deposits sufficient ore to maintain our own furnaces in blast.

On page 8, the committee say:

The unanimous opinion of this committee is, that our iron and steel industry will suffer severely as the United States lake Superior ore reserves, now being rapidly used, are conserved to a greater and greater extent for American furnaces and that we must, during the next ten years build up an iron mining industry that will largely free Ontario from the necessity of importing ore.

And then on page 19 they say:

This committee believes then that some of the higher grade magnetites (over 50 per cent iron natural) and siderites, such as are found at the New Helen mine, can be produced to-day at a cost approximately equal to their market value, but there is little in the present iron ore mining situation in Ontario that would tend to attract capital. Some new factor must be introduced if we are to get the industry under way in the near future.

I am not quoting passages particularly favourable to my contention; the whole report is along the line I am arguing. The report consists of 175 pages, and I am merely picking out a few passages which give the gist of the whole thing. On page 23, are to be found the recommendations of the committee as follows:

Recommendations

We, the Ontario Iron Ore committee, unanimously recommend and urge:—

(1) That the province of Ontario provide a bounty of one cent per unit of iron, on each long ton of merchantable iron ore, natural or beneficiated, produced and actually marketed from Ontario deposits and that such bounty be available to Ontario producers of merchantable iron ore for a period of ten years.

That in brief is their recommendation, that one cent per unit be granted on each long ton of merchantable iron ore. That is to say that if there is one per cent of iron produced they get a bonus of one cent; if there is fifty per cent of iron produced they get fifty cents; the idea being that when the iron ore is low grade iron and it is beneficiated, or brought up to a certain degree of iron by beneficiation they give a bounty of one cent per unit. Then on page 24, there is another passage I should like to quote, which I thought was particularly applicable to hon. gentlemen to my left because it is a statement by this committee appointed by the Drury government, and it deals with the same question with which I was dealing before dinner. They say regarding bonuses:

Many people believe that any industry that must be bonused or in some way artificially supported, is unnatural and unworthy of that assistance. Yet in devious ways assistance is being given to nearly every industry. Experimental farms are operated by the governments to give guidance to the farmer. Thoroughbred stock is distributed at public expense. To perpetuate fishing, hatcheries are maintained. The credit of the province has been pledged to provide cheap power for the manufacturer. These are but a few of the illustrations that could be used to illustrate the point that bonus or bounty is known under many names.

I shall read three paragraphs more and then conclude. On page 29 the committee give reasons why the Dominion government should help to establish this industry, and I agree entirely with them. The committee say:

Finally, we are of the unanimous opinion that one-half of the bonus recommended should be provided by the Dominion government, and cite the following reasons:—

(1) The active development of our iron ore resources and the enlarging of our steel industry, will be very effective in maintaining a favourable international trade balance.

(2) The colonization of northern Ontario is largely dependent upon the mining industry, and that portion bordering the non-productive sections of our National Railways, is dependent largely upon our iron resources.

(3) Largely increased traffic may be obtained for the National Railways from domestic production of iron ore, and perhaps it would not be unreasonable to suggest that the profit to be made by our publicly owned railway would, in the gross, equal, and in time exceed the proposed Dominion share of the bounty.

Then on page 53:

Deducting the 1920 and 1921 shipments from the lake Superior districts, we can calculate an assured ore reserve of approximately 1,477,000,000 tons, and if the average production from this district is taken at 45,000,000 tons, it is apparent that the positive ore reserves will be exhausted in about thirty-two years. If we include the estimated probable ore reserves, this period is increased

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to a little more than sixty years, less, in each case, such period as will compensate for a gradually increasing production to care for a growing per capita consumption of iron and steel products and any wider distribution that would result from decreased transportation rates.

Now on page 56, and this is the last quotation I shall give from the report, they say:

The supplies available to open market from whence we draw our requirements, must continue to dwindle at an accelerating pace, and long before the conclusion of the estimated thirty-two year period, we must provide for our own requirements from our own resources, or pay a profit to the United States producers of iron ore that will place our steel companies in Ontario in a position where they will experience real difficulty in competition against foreign prices.

These are just a few paragraphs from the report which will repay the reading by any hon member in this House and particularly the hon. gentlemen to my left, because they oppose bounties, oppose anything in the shape of protection, in spite of the fact that most of the countries of the world have built up their industrial life under protection. The United States iron development to-day is the greatest iron development in the world barring none. It surpasses that of Great Britain. Before the war Germany surpassed Great Britain in that respect, or was about to surpass her. The United States much surpasses Great Britain, and she produces a vastly larger amount of iron and steel products per year than does the Mother Country. The United States built up her iron and steel industry upon a protective system—not by a direct bounty perhaps, but by a high protective duty against iron ores from other countries.

I submit that Canada should develop some of these vast natural resources of which we are continually speaking. Some years ago I used to speak a good deal more about the natural resources of this country than I do now, but I came to the conclusion that it was rather tiresome for the people of Canada to be continually listening to our public men speaking of our vast natural resources when those resources were of no use unless we developed them. Unless we develop them we might just as well not have the resources at all. Possibly that is an extreme position because in the future they may be used; but so far as the present generation is concerned unless we develop some of these resources they are of no use to us, or of no use to the country. We might as well talk of the salt of the ocean as the hon. member for East Toronto (Mr. Ryckman) interjects. The point is that we have to fight to-day to have anything done to develop these natural resources. With respect to the oil bounties the Acting Minister of Finance is intending to cut off the bounty now granted; and yet in the case of iron ore the Conservative government of Ontario at the present time is proposing to adopt a method by which these natural resources can be developed.

Earlier this afternoon hon. gentlemen to my left asked why we could not do this in competition with the United States. Well, it is a common sense proposition. A country which started ahead of another in its development, and is much richer, as the United States is, has a vast advantage over the country which has not done that. There has never been much development in Canada so far as iron ore is concerned. The most we ever took out of our mines, I think, was something like 200,000 tons, and this came mostly from the rich Helen mine, the Magpie mine, and other mines in the Sault Ste. Marie district. Outside of that we have done practically nothing in connection with the development of our resources of iron ore. The United States began to develop its iron resources in the lake Superior region, but the ore there was not the rich soft variety which one hon. gentleman mentioned this afternoon. That was the type of iron which in some of their mines they could dig out with a steam shovel. It was only after they had mined iron ore over a period of years that the type of iron was much like the iron which we have to-day. It was hard, difficult to work, but by the cutting, the digging and so forth which go on to develop these mines, they reached those richer deposits which they have to-day and they have now the greatest iron and steel development in the world or in the history of the world, so that Canada, I think, might well copy some of their methods.

Mr. WARNER: Does the hon. member want to convey the idea that the hard substance that the iron is found in in the first place is over what they are getting with the steam shovel now?

Mr. MANION: I did not wish to convey anything, but I wish to say that much of their rich ore was discovered after development had taken place. The hon. member is pointing out that some of what is uncovered now is uncovered and dug out by a steam shovel. That is quite correct, and I have no interest in stating anything which is not a fact. But in many cases the rich ore of the United States was discovered after the poorer ore had been worked off the surface, and the richer ore was discovered after they had worked deeper down into the mine. Is it common sense to imagine that after the international boundary was reached the good Lord

stopped putting rich ore in the ground and refused to give any to Canada at all? The same iron as in Minnesota extends over the north shore of lake Superior. Why should fate, if you will, have stopped at the international boundary and kept the good iron ore on the American side and left the poorer ore on the Canadian side? I do not believe that was done. I believe we have rich iron ore in this country, and the development of our ore will show that we have.

Mr. CALDWELL: Does the proposed Ontario bounty apply only to Ontario or to Canada generally?

Mr. MANION: To Ontario. British Columbia offered a greater bounty than Ontario. Some of my hon. friends from British Columbia can give me the exact figures, but I think some years ago British Columbia offered a bounty of something like $1.50 a ton. The bounty in Ontario was proposed to be only 50 cents a ton. Some four or five years ago I did not think that bounty would be of any use and I doubt if it is now; but if it is of no use, it would not cause any harm because the development would not go on. I was on a train coming down with Mr. Cowie, who is on the committee and who is in the iron business, and I discussed the matter very thoroughly with him. He is convinced that a bounty of 50 cents or, at most 75 cents a ton, would bring about the development of iron ore in Canada. Supposing we paid out a few million dollars over a period of ten years for the development of the iron resources of this country, would that not be returned one hundred fold in the railway traffic which it would give, in the markets for the people which it would give, in the development of this vast area which happens to be a gap between the East and the West, and in keeping at home some of the young men and women who are leaving our country and hunting for work in the United States? In all those ways the development of our iron ore resources would bring back one hundred fold what has been lost to the people of Canada. I am finishing, but I wish to submit again—

Some hon. MEMBERS: Hear, hear.

Mr. MANION: I am pleased there is something about my address that satisfies my hon. friends to my left. I did not discover this afternoon that there was anything which did.

In closing, I believe the government is making a big mistake not only in cutting off these oil bounties, but in not giving further bounties for iron ore and assisting, if necessary, the carrying of coal from the eastern provinces and also from the western provinces to the middle of Canada. I believe in being consistent in a policy of protection, in assisting the whole country so far as we can. We should try to make Canada more or less independent. Of course, nobody would think of saying that Canada could reach the stage where she would be absolutely independent of the rest of the world. No one is suggesting that; but we certainly should, so far as we can, endeavour to reach the stage where we shall be able to support our own people to a large extent, where we shall not be importing tens and hundreds of millions of dollars worth of goods which we have in our own country to a vast extent, where we shall be developing our own resources instead of importing these substances from other countries. When Canada has the second largest deposit of coal in the world, to import fifty to seventy million dollars worth of coal from the United States annually is an absurdity, and it should seem so to our hon. friends to the left.

Mr. WARD: Has the hon. member a remedy for the coal situation in Canada? That is what we are looking for.

Mr. MANION: I am suggesting one. I am suggesting that the people of Canada pay part of the freight rates on coal for carrying it from the eastern and the western provinces to the middle of Canada. I have heard reputable railway men state that once we begin to carry coal in large quantites, large amounts would not have to be paid, perhaps none at all. This would mean trainloads instead of simply carloads, and because of handling the coal in large quantites, the cost would run down so much that we might not have to pay any bounty whatever. I believe if we can possibly work this out, we should use our own Canadian coal and iron rather than import them from the other side of the line.

Mr. LOGAN: Is the hon. gentleman in favour of a duty on anthracite coal?

Mr. MANION: Is there a duty on it at the present time?

Mr. LOGAN: None whatever for the last thirty years. It comes in free.

Mr. MANION: I have not given the question any thought and I should not like to answer it off the bat.

Mr. EVANS: Answer it.

Mr. MANION: The hon. member should answer it himself. Is he in favour of a duty

on anthracite coal? I do not choose to answer the question without consideration. Though my hon. friend may be willing to give any idea that comes into his head without any thought, I prefer to think over a question before answering it. I do not apply this to my hon. friend to my left or my hon. friend across the floor at all, but any man with no brains whatever can ask questions that the wisest man in the world cannot answer. I do not like to answer questions without giving any thought or consideration to the subject. I should like to know if my hon. friend (Mr. Logan) is in favour of it.

Mr. LOGAN: I have wearied this House advocating a duty on anthracite coal. There is no reason why the rich man's coal should come into this country free while the poor man's coal is taxed, and there is no reason why American anthracite coal should be brought into Canada to the extent of about $50,000,000 worth annually to compete with coal produced in Canada.

Mr. MANION: My hon. friend has good sense. He has given the question some thought, and I am glad to hear him express his opinion. He is not entirely correct in saying that soft coal is the poor man's coal. As a matter of fact, soft coal is not so much the poor man's coal as the coal of the manufacturer, the large producer and the railways. Nearly all the soft coal used in this country is used by large manufacturing plants and so forth. Since using coal last year of a softer variety, I have come to the conclusion that it is time we should use more of the soft coal and not import anthracite at all from American mines.

I have just one more observation to make and then I shall conclude. My hon. friend from East Lambton (Mr. Fansher) this afternoon stated that only a certain percentage of the bounties paid to oil operators went to the farmer; I think he said that one-eighth went to the farmer and seven-eighths to the producer. There are arguments in defence of that situation. Naturally the farmer when he gets his royalty or rent—whatever one cares to call it—runs no risk at all, whereas the producers who are spending their money on equipment, machinery, and so forth, have always to face the possibility of a loss. So that it is only natural that they should get a little more than those who take no chances. But while it may be true that seven-eighths of the bounties do not go directly to the farmer, nevertheless indirectly all this money goes not only to the farmer but to the rest of the country as well; for everything that is paid out in bounties in the production of the oil must find its way eventually into the pockets of the people. If these bounties were discontinued, the one-eighth which my hon. friend speaks of would no longer go to the farmer, and the farmer would certainly be worse off in so far as this particular matter is concerned. I am inclined to think that there will be many a farmer who will not vote for my hon. friend after the stand he took this afternoon in regard to the bounties; it seems to me that they will be voting for themselves in voting against him. In conclusion I just want to emphasize this fact, that any money spent in this way in the development of iron, oil or coal in this country goes into the pockets of the people, and that fact is well worth the careful consideration of parliament at the present time.

Mr. R. V. LeSUEUR (West Lambton): This question of oil bounties has been discussed at considerable length already, but before the vote is taken or the subject concluded I think it my duty to make a few remarks on the situation with regard to the oil production industry in Canada. Coming from the western part of the county of Lambton, where a large proportion of the oil production of Canada takes place, I am naturally more or less familiar with conditions in the industry. Canada's oil production is not large to-day; the year 1923, I believe, saw a production throughout the country of some 158,000 barrels, or approximately 160,000. Of that production, I should say that between 65 and 70 per cent was in the county of Lambton. Obviously therefore the oil industry has been and is to-day a very important factor in that county, particularly in the central portion of it. There are I understand 3,570 wells being operated in Lambton county at the present time, and there are about 216 power plants in operation, the investment being upwards of $2,000,000. The industry employs directly several hundreds of men, and indirectly many others besides. The wells in Lambton county produce a very small quantity of oil individually; they are all pumped, all the oil having to be raised up to the surface. These wells therefore are in a very different position from what one might call flowing wells. They are nearly all old wells, and there is of course the cost of maintenance to be considered, in the form of new casing and sand pumping and cleaning; so that the upkeep is fairly high. It can be understood, I think, that a well which produces only between four and five barrels a day of oil that must be pumped to the surface is utterly unable to compete with a well which

produces 1,000 barrels a day of oil that flows as a result of gas pressure behind it. In the latter case the production is cheap. As regards the royalty of one-eighth or one-tenth or one-sixth as the case may be—it varies to some extent—which is paid to the farmer, in the case of a well which produces only a few barrels per day, this royalty constitutes a very substantial part of the earnings. In practically no instance is it possible to pay more than 12½ per cent in the way of royalty if the business of producing oil is to be carried on with a profit. A royalty of 12½ per cent is usually regarded as the limit. In some sections where the territory is proven and where there are big gushers they pay higher; but that is the exception and the very rare exception.

Besides getting the oil up to the surface in the way I have described, and in the small number of barrels per well which I have mentioned, the producers must gather the oil and transport it to the refinery. That is largely speaking the situation in that district. Last year the cost in a number of individual operations was calculated with, I believe, a very remarkable degree of accuracy, and these costs were found to run from about $2.40 a barrel to over $3 a barrel. I shall mention the cost in the case of each of a number of wells in the principal sections of that field:

No. of wells pumped—	Average cost
40	$2 40 a barrel
63	2 42 "
57	2 51 "
135	2 54 "
284	2 58 "
75	2 70 "
156	2 94 "
109	3 00 "

Mr. CALDWELL: On what basis is the cost figured? Is the interest on the cost of putting down the well included?

Mr. LeSUEUR: I presume the cost would be estimated mainly on the cost of operation and the cost of maintenance. I cannot give a precise opinion on that point, but that I imagine is the basis on which the cost is estimated. Now, the average price this year was about $2.03 at the beginning of the year and it has run to about $2.60 per barrel to-day. The price of oil at Oil Springs—and this is of a slightly better grade—is possibly a cent or two higher; the price will be in that neighbourhood. So that with the price as it is to-day, and when we consider that there appears little prospect of its increasing, it is easily seen that the operators of these wells cannot carry on the business without the bounty that is at present paid. I am dealing with this subject from the practical standpoint of the locality with which I am acquainted, and I sincerely believe that as a practical measure the bounty should be continued. If we reduce it to 26 cents a barrel it can readily be seen, from the figures that have been given, that a great many of the wells must cease operations and go out of business.

There is also this to be considered, that while they are competing with the big fields where the flowing wells enable oil to be produced very cheaply per barrel, they have also to pay duty on a great many of the articles which they use in cleaning out their wells, putting in new casings, and so forth. If at least half of those wells are shut down it is going to disturb the locality very greatly indeed. Practically all the wells to-day ship their oil and by-products to the Imperial Oil Company Limited at Sarnia. The oil is gathered from the wells and taken to a central point, whence it is pumped through a pipe line. There is no question that to-day this pipe line is barely paying its way. If only 60,000 or 70,000 barrels of oil are shipped through that pipe line, which would be the case if half the wells were shut down, the line would have to be closed, which would mean that the remaining operators would have to find a different method of getting their oil to market. There is a refinery in Petrolia, but the operators are shipping their oil to Sarnia. Therefore it would mean a complete reorganization of their transportation in any case, and without the bounty I doubt if it would be worth while for them to attempt this alteration.

If, due to the withdrawal of the bounty, half of the wells cease operating, and as a result the pipe line has to be shut down, the extra cost entailed on the other operators will, I believe, mean the closing down of most of the remaining wells and the practical elimination of the oil industry in that section. As to what that means—and I am dealing with this from the local standpoint—I think there is no question. Petrolia has been and is essentially an oil town. It is a very fine town with all the improvements that make for the convenience of a community. It has a waterworks system, the water being pumped from lake Huron at considerable cost; it has a hydro system, five-eighths of the electricity being used in the operation of the wells, and the town could certainly not support this installation, for with only three-eighths of the current being disposed of the rate would be so great that the use of electricity would be still further restricted. There is a large debenture debt. The town is a centre for the farmers of the

neighbourhood and is kept up to a large extent by the operation of the oil wells. There is paid for the oil and put in circulation in Petrolia at the present time about $400,000 per year. With the shutting down of the wells that money must necessarily be paid out for oil brought in from the States.

The result of taking off the bounties would, I believe, be marked and immediate. In the first place, the oil operators would lose their investment almost immediately and the shock would be felt shortly afterwards. In the second place, there would be even more vacant houses in the town of Petrolia than there are at present; the debenture debt would be spread over a very much reduced population; the hydro cost would likewise be spread over a smaller population, whereas the installation is now sufficient to meet the needs of a much larger population; in short, the net result would be to practically wipe out Petrolia, or at least to so reduce the population that the debt would fall very heavily upon the remaining residents until it would not be worth while for any one to continue there. That is a situation which I do not think this government should desire—I do not think they do desire it—but that is the situation which I believe will result if the bounties are taken off, and I think it is a situation which the government should not take the risk of bringing about. The keeping on of half the bounty this year means only about $40,000, and the whole of it means not more than $80,000, which is less than one per cent per capita of Canada's population, and yet it enables the community to continue.

There is another feature of the bounty which is worth considering; it is to a certain extent an encourgement for further drilling. There could be no greater advantage to Canada to-day than the finding of an oil field. Very extensive investigations have been conducted in the West and in other parts of Canada, but so far without substantial results, but if the bounty is continued it is some inspiration for men to engage in the hazardous work of exploration for oil.

The main idea of the Minister of Finance in reducing the bounty was to avoid the possibility of a big find of oil in the West harassing the treasury by calling for bounties on a tremendous volume of oil. There is not much possibility of such a discovery taking place at the present time. I think the Minister of Finance stated that so far as payment of the bounty on the present oil production is concerned he would not have taken it off at all, but that his action was caused by his fear of a large western production. I believe that that is a sound position. We did suggest to the minister last year that in place of taking off the duty he should limit it to the production of, say, five barrels per well, and that any well producing over five barrels should not receive a bounty on the excess production. That would be a safeguard to the treasury and would eliminate the danger which at that time the minister feared.

Now, I would urge upon the Acting Minister of Finance his serious consideration of the local situation. The taking off of the bounty without question means the practical bankruptcy of the town of Petrolia, it means the throwing out of employment of a considerable number of men, it means the loss of investment, and it means a chaotic condition in the locality for some time to come. On the other hand, the maintenance of the bounty is really a small matter, only $40,000 for this year, and its continuance would result in the putting into circulation in that section of at least $400,000, and I imagine that the men who earn and receive that money would pay taxes and would contribute towards the general wealth of that section by much more than the amount involved in the bounty. Therefore I would again urge upon the minister, looking upon it purely from the practical standpoint, that the continuation of the bounty is good business, in that it will avoid the chaotic condition which I have described, in fact will prevent the blotting out of the present status of the municipality.

Hon. J. A. ROBB (Acting Minister of Finance): Mr. Speaker, the hon. member for West Lambton (Mr. LeSueur) has presented a stirring appeal on behalf of industries located within the constituency he represents. It is fair to say to my hon. friend that he, along with others, had already made representations to me regarding these oil wells and what would happen to them if the government persisted in its policy of reducing the bounties. The hon. member for West Lambton has referred to the value of the training school for oil men in that part of Canada—men who train in Lambton and the oil fields of that district and go out to other parts of the world. I am able to testify to that, because Mr. McGarvey, a former oil operator in that part of the country and now operating largely in Europe, was born in the same town where I was born.

The Customs Tariff bill now under consideration has been before hon. members for

exactly two months to-day, and they have had ample time to consider it from all angles. Prior to the session hon. members of the official opposition, on the platform and through their press, made a stirring and eloquent appeal throughout Canada for economy—we must have economy, they said, if Canada was to be saved. And to-day we have those same hon. gentlemen urging upon the government on the one hand to jack up the tariff as high as Haman's gallows so that there will be no importations into Canada and consequently no revenue from the customs tariff—

Some hon. MEMBERS: Hear, hear.

Sir HENRY DRAYTON: Nobody here said so.

Mr. ROBB: The hon. member for East Toronto, a former member of the government of my right hon. friend who leads the opposition, advocated that this afternoon.

Mr. MEIGHEN: Oh, no.

Mr. ROBB: But they are not advocating a reduction—

Mr. RYCKMAN: Excuse me; I happen to be the member for East Toronto.

Mr. ROBB: The hon. member for Centre Toronto (Mr. Bristol), I should have said. Now, coming back to this question of oil bounties—

Mr. MEIGHEN: I hope the minister was in when his leader this afternoon promised a new elevator at the coast.

Sir HENRY DRAYTON: There is an election there.

Mr. ROBB: Coming back to this question of oil bounties, it has been represented to us that the oil industry of Canada is largely centred in two counties, Lambton and Kent, and we are told that to save the oil industry in the two counties of Lambton and Kent we must tax all the other people of those two counties and of all the other counties throughout Canada. The last speaker (Mr. LeSueur) who, I imagine, has the figures exactly, said that the production last year was 160,000 barrels. My right hon. friend the leader of the opposition gave the figure this afternoon, as I understood him, as 167,000 barrels, so—

Mr. MEIGHEN: That was the year before.

Mr. ROBB: Well, it is upon those figures that I base my estimate, and that is of that quantity 145,000 barrels were produced in Lambton and in Kent. The hon. member for West York (Sir Henry Drayton) praised the Minister of Finance, Mr. Fielding, for his legislation in 1904 and damned him for his legislation of 1923.

Sir HENRY DRAYTON: Hear, hear.

Mr. ROBB: He was sure, he said, that the Minister of Finance intended to deal fairly with the oil industry of this country. Well, we have been subsidizing this oil industry now for twenty years; surely we have not dealt unfairly with it. It has been nurtured for twenty years. The impression was thrown out this afternoon that the oil bounties were to be altogether removed. The oil bounties by the legislation of last year were not altogether removed; they are cut in two, effective on the first of July of this year.

Sir HENRY DRAYTON: They stop in 1925.

Mr. ROBB: And they stop, under that legislation, at the end of July, 1925. It is represented to us to-day that this oil industry will be ruined if we cease the payment of $42,000—because last year the total subsidy paid was only $84,000 and if they have the same production this year they will receive $42,000. So that unless they get another $42,000 the oil business is going to be ruined. Well now, let us see to what extent this oil business is taken care of by the people of Canada. Emphasis was laid this afternoon upon the effect of any change in the bounty upon the farmers of Lambton and of Kent. Taking the production of 145,000 barrels in those two counties, according to the right hon. leader of the opposition the average price was $2.62½ cents; that will mean $381,000, and the government paid $84,000. In other words to get a production of $297,000 the government of this country has had to subsidize the industry to the extent of 28 per cent. We contributed 28 per cent of the total production of these oil fields, and to get that we are asked to tax all the other people in the counties of Lambton and Kent and all the other people of Canada. We are told by the former finance minister that if we do not do that the farmers of those counties will be ruined. Well, what about the farmers of the same county if the grass fails and there are no dairy products? What about the farmers of Kent if hog cholera comes in, as it did once before, and their hogs are all destroyed, or if there is an early frost and the corn crop is ruined? Are we going to subsidize these men in that case? It is just as logical to subsidize the one as to subsidize the other. Suppose rust comes along again this fall in western Canada and

wipes out the wheat crop; does my hon. friend argue that the government should subsidize those farmers to the extent of 28 per cent? My hon. friend who represents that county is a good business man, a level-headed, practical man; he will understand very well the fallacy of this kind of argument. I have too much confidence in the industry, the thrift and the resourcefulness of the people of the county of Lambton to believe that they are going to be ruined because the government refuses to pay them a subsidy of $42,000.

Mr. MEIGHEN: I suggest to the minister that he start and multiply over again. He will find that he is away out both in his multiplication and in his percentages.

Sir HENRY DRAYTON: $442,000 is the figure.

Mr. ROBB: Now, I will give the right hon. leader of the opposition another thought. We had a speech this afternoon from a gentleman who was formerly one of his colleagues, a member of his government. It will be recalled that in the early days after the budget was brought down it was argued from that side that this budget was going to ruin the agricultural implement industry, was going to put them out of business. But this afternoon a former colleague of the leader of the opposition tells us that the agricultural implement manufacturers are better off to-day than they ever were before.

Mr. MEIGHEN: The minister is as badly out on his facts as on his multiplication. After the last of his many budgets brought down, nobody ever said that any more. He kept shifting the burden from one to the other until finally he had it all off the agricultural implement people.

Mr. ROBB: Who is it on now?

Mr. MEIGHEN: It is on the suppliers, just as the hon. member said this afternoon, and where the minister well knows it is.

Mr. ROBB: I suppose my hon. friend will argue it is on the steel men. Well, we have the statement of the steel men published in the Montreal Star, a paper that is not too friendly to this government, to the effect that prospects for the steel industry of Canada were quite bright.

Mr. MEIGHEN: What has been done for them?

Mr. ROBB: Whatever has been done for them, they are not ruined.

Mr. MEIGHEN: I suppose it has been shifted to somebody else.

[Mr. Robb.]

Mr. ROBB: I have the statement of the director of one of the steel companies of Canada not later than Friday last—he told me in confidence in my office—that the steel industry of Canada was in a better position than the steel industry of the United States.

Mr. MEIGHEN: Was it at the recent meeting that the minister attended in Montreal that he heard that statement? I heard a very different report.

Mr. ROBB: No. It was a gentleman who called the following day to apologize for that.

Mr. MEIGHEN: Better give the name, I think.

Mr. LeSUER: May I ask the Acting Minister of Finance if he thinks his comparison quite fair between rust in the western provinces and the bounty? Rust in a crop is a matter of one year. It does not destroy the ground or the possibility of reaping a crop the next year, but the taking off of the bounty, on the facts as we have them, means the absolute elimination of this industry, with no comeback.

Mr. ROBB: I have said to my hon. friend that we have subsidized this industry for now twenty years, and the subsidy is not altogether being removed as was represented; it is being cut in two. It goes along from the 1st of July this year until the 1st of July 1925 at one-half the previous subsidy. I repeat here in parliament what I said to the operators of these wells, that we propose to look into the claims presented to us. I submit to my hon. friend again that an industry of that nature is surely not going to be ruined by taking away from them, on their own statement, only something like $42,000.

Having said that, Mr. Speaker, I must ask the House to approve the third reading of the bill now before it. It seems to me we have had ample time to consider carefully all the details of this budget. I was glad this evening to have almost the admission from my right hon. friend that it is not so bad as when it first came down. That is something anyway.

Mr. MEIGHEN: I did not say that at all. Would the minister be good enough and frank enough with the House to give us the name of this secret informant of his? The information is not of much value, of course, unless we know the name. This is the practice of the government always, to give the information, and the authority for it they cannot possibly divulge.

Mr. ROBB: If my hon. friend wants to turn up the Montreal Star—I cannot give him the date at the moment, but I will get it for him—he will find the statement there of Robert Hobson, the president of the Canada Steel Company. He should know something about it.

Mr. MEIGHEN: What did he say?

Mr. ROBB: Their business was improving and they intended to start another furnace.

Mr. MEWBURN: A few days ago he said their business was all gone to blazes.

Mr. ROBB: There is another feature of the debate this afternoon I should like to mention. I want to offer thanks to my good friend the ex-Minister of Finance. He stressed very strongly the point that this was not a political question, that he was making an appeal on behalf of the Liberals of Lambton, who had not been granted the bonus they asked of this government. That is perfectly true, and it seems to me it is to the credit of this government that we are able to withstand the demands of our political friends that we should dip into the treasury. We believe this country wants economy, and we propose to practise economy without disturbing the interests of the country.

Mr. MEIGHEN: Does that apply to Prince Rupert?

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

INCOME WAR TAX ACT, 1917

Hon. J. A. ROBB (Acting Minister of Finance) moved the second reading of Bill No. 143, to amend the Income War Tax Act, 1917.

Motion agreed to, bill read the second time, and the House went into committee thereon, Mr. Gordon in the chair.

On section 1—Exemption as to children.

Sir HENRY DRAYTON: I wonder if the minister thinks there is anything significant in the income tax reductions in the United States. What influence will that have, according to the minister's idea, upon our own policy?

Mr. ROBB: I am bound to say that the income tax reductions in the United States having been adopted, it seems to me we shall have to go very carefully into ours and consider some other changes for the next session of parliament.

Mr. MEIGHEN: Does the minister think there will be a next session?

Mr. ROBB: Oh, surely. We are not going to have anarchy in this country.

Section agreed to.

On section 2—Inter-company purchases and sales at more or less than fair prices.

Sir HENRY DRAYTON: I suppose the effect of this is to prevent associated or holding companies making fictitious expenses a vehicle for evading the Income Tax Act?

Mr. ROBB: It is to make sure that profits earned in Canada—

Sir HENRY DRAYTON: No, I am not referring to that section, but to 2 (a): "Where any corporation carrying on business in Canada," and so on. Have I not got the idea right?

Mr. ROBB: My hon. friend is correct.

Mr. MEIGHEN: I understood the minister to intimate that the government contemplated reducing the income tax next session?

Mr. ROBB: No, I said it would be a fair matter for consideration. I made the admission that we cannot ignore the changed conditions in the United States, and that reduction would be a matter for consideration.

Mr. MEIGHEN: I hope the minister will not shock the hon. member for Carleton (Mr. Caldwell) too much by speaking of an increase.

Section agreed to.

On section 2, paragraph (b)—Income partly arising from creative operations within Canada taxable.

Sir HENRY DRAYTON: How will that work out in connection with the accounting? There is no price fixed in Canada and how is it going to be carried out?

Mr. ROBB: It will be determined by the market value of the goods, and by the prices at which they are sold by competitors.

Mr. MARLER: I should like a little more explanation of this section from the minister. To what class of people does this apply?

Mr. HANSON: What is the object of the section?

Mr. ROBB: I will give the House the reason for the change. It is not uncommon for foreign corporations or individuals to produce or partly manufacture some commodity in Canada and to ship it abroad consigned to themselves or allied interests, with

the result that while part of the profit ultimately derived is actually attributable to the work done upon the commodity in Canada, it is very doubtful whether as a matter of law any part of such profit can be said to be earned in Canada. The purpose of this section is to enable the Canadian treasury to tax upon a fair part of the profits derived when the goods are finally sold abroad.

Mr. HANSON: Following that up may I ask whether that would apply to a case where a Canadian company owned and operated, we will say, a sulphite pulp mill and also owned and operated a paper mill south of the line, and shipped sulphite pulp either as a finished product or as a merchantable commodity, or in a soft state, to that mill across the line? Would the subsection apply to such a transaction as that because the product is a finished product when it leaves the Canadian mill?

Mr. ROBB: It would be determined by the fair market value of the pulp. In practice we have discovered that there are companies doing logging in Canada who move their logs to mills in the United States, but put the logs in their return at a reduced cost. We propose to give the department power to determine the fair market value of these logs in Canada.

Mr. MARLER: There is no intention in this section of taxing the income of a non-resident except as already taxed under the existing act?

Mr. ROBB: No.

Mr. MARLER: There is no question of defining domicile at all.

Mr. ROBB: None whatever.

Sir HENRY DRAYTON: It looks to me as if this were a proper subsection. It merely seeks to guard the revenue.

Mr. ROBB: We are safeguarding the revenue.

Sir HENRY DRAYTON: That ought to be done wherever the law is found to be weak.

Section agreed to.

On subsection (c)—Proviso, "carrying on business."

Mr. ROBB: This would not affect a house carrying on business generally without any branch houses outside.

Section agreed to.

On subsection 3, paragraph (b)—Non-residents deemed to be carrying on business.

[Mr. Robb.]

Mr. MARLER: Would the minister explain this paragraph a little more fully?

Mr. ROBB: As the law appears to be at present a foreign business house selling goods in Canada through an agent or employee is in many cases not taxable owing to the actual contract being completed abroad. The object of the proposed amendment is to overcome the effect of this technicality and to ensure that the Canadian treasury will receive income tax upon profits made from Canadian business even although the formality of closing the business should take place abroad. It is further to be noted that foreign corporations closely allied with Canadian operating companies lease, or under royalty permit the use of land or certain articles on which they charge the operating Canadian company a rental or royalty at such a high figure that the profits which should be reflected from the operations of the Canadian company are eaten up by the high rentals and royalties paid and thus the profit goes abroad free from taxation. The object of this amendment is to render the income from such letting, leasing and royalties taxable because their source is from within Canada. The treasury should be benefited by the profits thus made in Canada. It follows that in the determination of such matters the minister—which in this case means the commissioner in charge—must have some discretion as to determining the profits earned in Canada, especially when considering the foreign expenses and their proportionate part applicable to foreign and Canadian products.

Sir HENRY DRAYTON: Is this following the English act or the American act?

Mr. ROBB: Partly both.

Sir HENRY DRAYTON: It seems to me it is a mixture of both.

Mr. ROBB: Yes, both.

Sir HENRY DRAYTON: Under the English act, for example, in connection with the matter of agencies, there would be no trouble at all. I think the minister has—in fact, I am sure he has—run across troubles similar to those we had with the Imperial taxation authorities at Somerset House in connection with charges made as to business carried on in England. I had in mind, for example, a case where the whole of the process was entirely carried on in Canada, and the ordinary profits entirely earned in this country. The Canadian Excess Business Profits tax was offset entirely in consequence of the desire of Somerset House to treat the

whole of the profits as resulting from the sale by the agent in the Mother Country. That, of course, would have left the home plant without any profit at all. That is one proposition we have under this section. The next proposition is the reverse. It treats the profits as something earned not through the agency at all, but at the productive source. So we have propositions working both ways. The position in regard to the sales agent here would be the converse of the position taken in the class of cases I have drawn to the minister's attention in England, having regard to the first part of the section, because here we have the right of taxing profits which arise from sales, through an agent, of manufactured articles imported, we will say, from Great Britain. What would be the position there? Under the law before, we took the position that we have abrogated here, that all the profits were to be taken as coming here. The sale was a mere incident. The profits would arise not so much from the sale as from the manufacture. How is it to be done? I suppose it could be done by treating the goods as coming here at a certain wholesale rate and then charging a profit on sales earned by the agent at figures higher than the wholesale rate. If it was done in that **way, it would be consistent** with the former stand that we have taken. In connection with matters locally, which are dealt with in the second part of the section, matters of royalties, and so forth, will you there have to come down to profits on the wholesaler's or jobber's rate? You could not probably get under these circumstances on anything sold out of the country the total profits based on the final sale.

Mr. ROBB: My hon. friend is quite right in the interpretation with the exception of the last part. The royalties are paid in Canada.

Sir HENRY DRAYTON: Royalties and leases would be; the minister is quite right.

Mr. MARLER: There are two thoughts in this section. The second part says:

> Or any non-resident person who lets or leases anything used in Canada, or who receives a royalty or other similar payment for anything used or sold in Canada, shall be deemed to be carrying on business.

And so forth. Would the effect of that be that, as regards non-residents owning real estate in Canada and deriving income proportionately from that, that income from real estate would be taxable in Canada? In other words, would a person living in England, being a Canadian non-resident, and deriving a considerable portion of income from real estate, have to pay income tax?

Sir HENRY DRAYTON: Always on his real estate. That is the present law.

Mr. MARLER: No. The present law is that income tax is regulated by residence, not by domicile at all.

Sir HENRY DRAYTON: No. That is the way I have been following these sections, and the commissioner is here to correct me if I am wrong. The hon. member is perfectly right in part in what he says. There are two underlying principles. The one is residence, as he says. The other is the carrying on of business. Let us take a Canadian national living in England, the case the hon. member puts. Supposing the Canadian national living in England, has mortgages, has lent money here. They are not taxable. That is not carrying on a business. On the other hand, if that non-resident owned realty in Canada and through his agents here, as he would have to act, received rents, he would be taxable for those rents under the existing law. At least, I know that is how the act has been administered.

Mr. MARLER: Perhaps the minister will enlighten us on that point.

Mr. ROBB: We are trying to do as my hon. friend observes, but we have not been able to under the law.

Sir HENRY DRAYTON: It has been done under the law.

Mr. ROBB: In practice, in the administration of the act we have discovered an individual who owns in a western city large blocks of houses and office buildings from which he is collecting rentals. He is living, not in Great Britain, not within any of the British dominions, but in a foreign country.

Sir HENRY DRAYTON: That would not change the principle.

Mr. ROBB: We think that man should contribute to the revenue of Canada.

Sir HENRY DRAYTON: But he ought to do so now under the present law.

Mr. MARLER: Supposing an English resident or a person domiciled in England owns the same houses here, is he taxed? Is he considered a resident for the purpose of this tax?

Mr. ROBB: He is carrying on business.

Mr. MARLER: A man who owns real estate does not necessarily carry on business. Is the minister simply attempting to take situs of the real estate on this question? In

other words, as regards a business block owned in Winnipeg with rents derived therefrom, irrespective of where the owner lives, we are simply taking a situs of the real estate on this question. Is it intended to tax the rent in that instance? If that is the intention of the section, how would it apply to a person domiciled in Great Britain? You will again have the situs brought into consideration there. I understand the minister to say he does not care where the situs is at all. Would the same income tax not be paid in England again and would the person not be paying a double income tax?

Sir HENRY DRAYTON: Perhaps the present minister has not had to go into this question yet, but there is double taxation. We have not been able to get this threshed out completely. At one time we had two complete sets of taxation. The point I am trying to make is this. As I understood the matter—and I know I am right from the way in which the department was formerly administered—rents payable in Canada by tenants—and that is how they are payable—to local agents were taxable. The agent was taxed for them and he was held responsible for them. A great number of the non-residents collected the rents through banks or trust companies. Under the law, trust companies have to make a complete return of the rents paid and they are taxed on those rents. While at the same time they have also to make a return on the interest money of the trusts in their hands for mortgages and the like, the law is different, for in that instance the non-resident is not carrying on business here and he is being taxed at home the full amount of the income he receives. If we put on a double tax here, we would be practically saying to the foreign investor: There is no good in investing in Canada. All that this can do is to make the law a little clearer in the case of leases. This is not any change in the law.

Mr. ROBB: There is no change in the law or in the administration. As my hon. friend has just said, Great Britain and the United States give us credit in part for taxes paid and we reciprocate. We are carrying on in practice as my hon. friend has stated, but there is some doubt as to the legality of it and this is simply to make the act clear.

Mr. MARLER: The clause is an exceedingly broad one. There is no attempt under this clause to apply the principle of domicile as regards taxation under the Income War Tax Act?

Mr. ROBB: None whatever.

Section 3, paragraph (b) agreed to.

On section 4, paragraph (c)—Annual value of property.

Mr. HANSON: What is the effect of this?

Mr. ROBB: The object of this provision is to remove any doubt as to the right of a taxpayer in business who owns his business premises free from encumbrances to a deduction of the annual value of those premises. On the other hand, it is desired to allow rent actually paid to an outside party to be charged as an expense.

Sir HENRY DRAYTON: I think that again is as the law was before. That is not a change in the law.

Mr. ROBB: No, it is to make it clear.

Sir HENRY DRAYTON: I do not think it is necessary. It is, however, a good thing to have.

Section 4, pargraph (c) agreed to.

On section 4, paragraph (d)—Reserves, contingent accounts or sinking funds.

Mr. MARLER: Is that part of the act already?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: There is one thing which I suppose the legal advisers of the department have watched. It is perfectly obvious that rent never paid is not a deduction; it is not an expense and therefore it could not be deducted. I wonder whether there is not a danger, when we undertake to specify one thing, that we shall not excuse something else of the same class. We are saying that one thing ought not to be regarded as deducted; well, there are several other things which might be similarly represented. There used to be a general section which allowed pretty full discretion to the department in ruling on these things. If you have not something like that it may be that in naming one thing specifically you are excusing the rest.

Mr. ROBB: Our act is based upon the English law and a recent decision given in the courts of Great Britain has brought this matter to the attention of the department.

Sir HENRY DRAYTON: It is under legal advice?

Mr. ROBB: Yes.

Section agreed to.

On section 5—Surplus distribution taxable.

Mr. ROBB: The word "had" in the last line should be "has". I move that the section be amended accordingly. It is merely a misprint.

Sir HENRY DRAYTON: Suppose there is an insolvent company which is paying dividends. Is that money to be looked upon as income?

Mr. ROBB: Does my hon. friend mean a company which is paying dividends out of capital?

Sir HENRY DRAYTON: Let us take the case of a company which is being wound up. That company, we will say, has $1,000,000 of supposed assets. If the company has on hand an undistributed income of $100,000 and the business is being wound up, will that income be taxable?

Mr. ROBB: Would that $100,000 be profits?

Sir HENRY DRAYTON: I am supposing that it is on the books as being on hand; and the section refers to the payment of a dividend—

To the extent that the company had on hand undistributed income.

In the winding up of the company, according to this, that income will be taxable?

Mr. ROBB: Yes.

Sir HENRY DRAYTON: It is quite possible that a company may be represented on the books as having on hand an undistributed income which as a matter of fact ought not to be so described. Surely it would not be right, simply because the officials of a company said there was on hand an undistributed amount of income, when in fact there was a large capital impairment, that the shareholders should not only lose their capital to the extent of the impairment but also have to pay taxes on an income they never received. Let us take the case of the Home Bank. I had on the order paper earlier this year a question touching this matter. The Home Bank was taxed on income which was never earned and which never existed; it was entirely a fiction. It was a fiction, the creation of its management for their own purposes, and the government never had any right to tax it. There was never any income, and the question I asked was whether the government had returned the tax to the bank. That is going a good deal further than if the Home Bank directors at the time they closed down had shown, say, half a million dollars of imaginary income. I should think that the proper and the fair thing would be that, apart from what is declared as income, there should be no taxes on anything except the amount remaining over and above capital in the way of profit.

Mr. ROBB: That is a fair interpretation of the bill.

Sir HENRY DRAYTON: But that is not what the section says.

Mr. ROBB: We must leave something to the discretion of those who administer the law; we must provide for all cases. My hon. friend has cited one case; some other case might develop in which this section as it stands would prove necessary.

Sir HENRY DRAYTON: I do not object to the clause itself but I object to the suggestion that instead of passing proper legislation we should leave the matter to the discretion of the officer who is administering the law. We should know whether we are taxing capital under the name of income or not. The committee can easily put the section into proper shape.

Mr. JACOBS: I do not think that under the law the minister would have any such discretion; he has to interpret the statute as it is.

Mr. BAXTER: The matter might be made perfectly clear I think if at the end of the section there were added the words:

—after the whole of the capital shall have been returned.

I do not think this will express anything else than the section seeks to convey as it stands, but it will put the matter beyond doubt.

Mr. ROBB: I think we would be prepared to accept the suggestion if my hon. friend would write out the amendment.

Sir HENRY DRAYTON: Perhaps "shall have been realized" would be better than "shall have been returned."

Mr. ROBB: The section as it stands is intended primarily to meet the case of companies which are reorganizing and re-appraising their business. I think myself that it might be just as well to leave the section as it is; it would be wise to leave it to some extent to the discretion of the administrator.

Mr. BAXTER: In some recent decisions in England there seems to be some confusion about the subject. I take it we are safe in

analyzing it in this way. So much capital is subscribed, so much capital is paid up. That which is paid up is actually the capital of the business. Now, by profitable investment that may be multiplied many times over and not distributed. But I do not think you can regard that which is retained in the business as really an augmentation of the capital. For a time it may be employed in that way, but it must be severable from the capital. If you are winding the business up, a man takes out just exactly what he put in, and everything over that must be and is income; it can be nothing else. That is why I am using the word "returned." After you have returned the capital, whatever it is, then to my mind, it is quite legitimate that the government should have power to tax the rest, although it might vastly exceed the capital, because that is income, but income which has not been distributed during the years the company has been in existence.

Mr. ROBB: My hon. friend should read that in regard to the case of a company which originally sold its bonds at 80 or 90 cents on the $1, with a bonus of common stock. I think all things considered we had better leave the clause as it is and trust the administration to regard the interests of the country. After all, it is the interests of the country we are looking after, not the individual requirements.

Mr. JACOBS: Not the interests of the people who compose the country?

Mr. CALDWELL: I think you can get a better wording. In a reorganization the capital is not returned to anybody, it is still in the business. A better wording would be, "after allowing for the paid up capital."

Mr. ROBB: I should like the committee to keep in mind that surplus profits are accumulated and tucked away in an effort to evade taxation, and therefore when the time comes to reorganize or wind up the business I think the commissioner should have a free hand to look carefully into the matter.

Sir HENRY DRAYTON: Is the wording sufficient if that be the object?

Mr. ROBB: I think so.

Sir HENRY DRAYTON: What about surpluses, refunds and the like, that are not described as income at all?

Mr. ROBB: Under the act now if they are distributed they are surpluses and taxable.

Sir HENRY DRAYTON: Because they become income on distribution. But there is no distribution on a reorganization.

[Mr. Baxter.]

Mr. BAXTER: If you leave it as it is, Mr. Chairman, I do not know whether it will carry out the minister's intention, but if it has to be construed I think that while something is to be deemed the payment of the dividend, that something is the property of the company to the extent that the company had on hand undistributed income. I think you will have to go through precisely that process of ascertaining the capital, and that all that is surplus over the capital will be undistributed income. I do not think the amendment which I am suggesting makes a particle of difference in the real construction of the section, but I believe it will help make it plainer to people who have to deal with it. But I cannot see that you can construe this section so you can really tax capital; you will only be able to get at the surplus over capital.

Mr. ROBB: That is all.

Mr. BAXTER: And it will not reach the case of what you might call watered capital. If the minister wants to be able to squeeze out water, he will have to get some much more comprehensive language than he has here, otherwise while the department may administer the section the way he wants it to be administered, some court will stay the hand of the department.

Mr. ROBB: The House will observe that this deals only with surplus distribution.

Sir HENRY DRAYTON: Does it say so?

Mr. ROBB: Yes, in the margin.

Sir HENRY DRAYTON: You cannot read the margin; that is not part of the act at all.

Mr. BAXTER: Surplus over what? The minister will see if he gives expression to the side note that he must still make up his mind what it is to be the surplus to. Is it to be surplus to the nominal capital actually issued; or is it to be surplus to the amount people have actually paid for that capital; or to what is it to be surplus? You have got to define that first, and then you can easily provide for taxing the surplus, but unless you do define it you will have it in an absolutely nebulous state.

Mr. ROBB: May I give the House the definition of income as it is used in the original act?

For the purposes of this act, "income" means the annual net profit or gain or gratuity, whether ascertained and capable of computation as being wages, salary or other fixed amount, or unascertained as being fees or emoluments, or as being profits from a trade or commercial or financial or other business or calling, directly or indirectly received by a person from any office or employment, or from any profession or calling, or from

any trade, manufacture or business, as the case may be;

The reference applies only to income.

Mr. BAXTER: I know, but almost the first word you start out with shows the difficulty of applying it. It is the annual net income. The thing the minister wants to tax, and I want to help him to tax, is not an annual profit, it is what you might call a sweeping up of perhaps a series of years, which is really only ascertainable and only get-atable on the winding up or reorganization.

Sir HENRY DRAYTON: Would it not make it clear if you said, "undistributed profits"?

Mr. ROBB: I will continue reading the interpretation of income for my hon. friend:

—and shall include the interest, dividends or profits directly or indirectly received from money at interest upon any security or without security, or from stocks, or from any other investment, and whether such gains or profits are divided or distributed or not,—

Mr. BAXTER: But that is all controlled by the word "annual".

Mr. ROBB: I do not think so.

Mr. RYCKMAN: Mr. Chairman, I am in entire sympathy with the minister, I know what he wishes to tax and I should like to see appropriate language used to effect it. I quite appreciate the definition of income which has been read, but this bill declares that there

—shall be deemed to be the payment of a dividend to the extent that the company had on hand undistributed income.

We all know that under the definition which the minister has read a dividend is taxable, and properly so. Adverting to the case which has already been referred to, the winding up of a company where the capital has been impaired, it would seem that there certainly must be a provision that it should not be deemed that any money which was paid upon that distribution should be taxed unless it were in fact a dividend or a profit or a gain, as the minister read. What would the minister say of this case, which comes into my mind on the spur of the moment? The stock of the Bank of Montreal, for instance, stands to-day in the neighbourhood of 230 or 235. I have no doubt that if there was a winding up of that bank—it is, to be sure, an incorporated company in perfect solvency— the shareholders would be entitled, we will say, to something in the neighbourhood of the market price. But under this section as drawn, if any part of the purchase price paid for those shares was in the nature of undistributed stock, then any part of the purchase price above par would be subject to tax, which I am sure is not the intention of the minister.

Sir HENRY DRAYTON: That is just what it does, though.

Mr. ROBB: These are profits that were realized.

Mr. BAXTER: I am just beginning to realize some of the possibilities of this provision. Suppose reorganization is part of a process of amalgamation with another company. The shareholders collectively own the entire assets of company A, and in order to make the business more successful, or perhaps to prevent its being a failure, they decide to amalgamate with company B. Just at the moment when it may be necessary to make use of all the resources of both companies, you step in and inflict a tax upon what they are using as capital, even though it may not be so in direct terms. I know the minister does not want to prevent any real business reorganization that is healthy in its character, but he does want, I think, to get at the condition where people are putting one bucket of water along with another and attempting to fill the puncheon.

Mr. JACOBS: It would be watered stock.

Mr. BAXTER: It might be all water and no stock, as we sometimes see.

Sir HENRY DRAYTON: I take it that what is meant here is not a change in company ownership or name, as you have in an amalgamation, but a distribution of money to the shareholders of the company. On the question of reorganization, suppose you have one company coming with a capital of $100,000, another company coming in with a capital of $100,000 and an amalgamated company with a capital of $300,000. Under this section the shareholders of the new company, having got their stock in the new company to the extent of 150 as against 100 in the old, the department would treat the extra 50 as a dividend paid by the new company and make that chargeable with the 10 per cent corporation tax. That is how it seems to me this would work out.

Mr. ROBB: If the surplus earnings are distributed as stock, why should they not be taxable? My hon. friend took that view in 1920, as the act clearly indicates.

Sir HENRY DRAYTON: I entirely agree. But what puzzles me is while I think that is the intention of the department, the section does not appear to carry out that intention.

Mr. ROBB: It has been drafted by the legal officers. I have, of course, great respect for my hon. friend's views.

Sir HENRY DRAYTON: Ordinarily the property of a company consists of its assets. It certainly does not consist of scrip certificates—stock; for that is only an evidence of ownership of the company property; it is not a distribution of the property of the company. Now, this provision says:

> On the winding up, discontinuance or reorganization of the business of any incorporated company the distribution in any form of the property of the company shall be deemed—

And so on. The issuing of the shares of stock is not a distribution of the property of the company. I do not think the section is drawn in such a way as to carry out the intent of the department—that is, if the intent be that in the case of amalgamation, where you have profits in both companies which add in the amalgamated company 50 per cent to their joint holdings, they are to be taxed. Well, they will not be under this, because there is to be no distribution of the property of either company—the old companies, the amalgamated companies or anything else. Of course, it might be done if you read the section as referring to the two original companies and having nothing to do with the amalgamated company, but in that case again there is no evidence as to the value.

Mr. JACOBS: I suggest that this clause be held over with a view to seeing whether it cannot be improved upon.

Mr. ROBB: No, I think we had better make some progress. We have been at this now for some time.

Mr. JACOBS: You may make progress in the wrong direction.

Mr. ROBB: I do not think so.

Sir HENRY DRAYTON: Perhaps we had better pass this on the understanding that the Senate, which looks after the proper wording of these sections and corrects a great deal of the bad work we send them, should look after it.

Mr. ROBB: I will have the commissioner look into the observations of my hon. friends opposite, and if it is found that it will work better with an amendment in the Senate, then we will consent to that. That is quite reasonable.

Mr. RYCKMAN: May I cite another instance that will be before the commissioner? Take the case of a mining company that has carried on under business management and is profitable, but because of the property being exhausted each year they carry an amount to reserve account in order finally to take care of the shareholders, in order to have enough when the property is exhausted to return to the shareholders their capital. Suppose that company was wound up—and that is the end of every mining company, on the exhaustion of its property—this provision says:

> The distribution in any form of the property of the company shall be deemed to be the payment of a dividend.

But that is not dividend; it is a return of capital. This section would not deal properly with a case of that kind. We are all of the same mind: we desire to get this into appropriate form. I think the suggestion is a good one that the matter be referred to the commissioner, together with the points we have mentioned and the cases we have cited, and anything else that may occur to him in that connection. If that is done I am sure there can be a redrafting of the section that will be satisfactory to everybody and that will accomplish the desired end.

Mr. ROBB: When the act was originally drafted the thought my hon. friend (Mr. Ryckman) has just presented was considered and was provided for as follows:

> With the following exemptions and deductions:—
> (a) such reasonable allowance as may be allowed by the minister for depreciation, or for any expenditure of a capital nature for renewals, or for the development of a business, and the minister, when determining the income derived from mining and from oil and gas wells, shall make an allowance for the exhaustion of the mines and wells.

Mr. RYCKMAN: But what is now proposed will be subsequent legislation.

Mr. ROBB: We are only providing for income.

Mr. JACOBS: This section evidently refers only to surplus; the side note indicates that this was the intention. We all agree as lawyers that that would not be taken into consideration in the interpretation, but that no doubt was the intention of the draftsman. I agree that if it goes out of this House, such changes as are necessary may be made when the bill reaches the Senate.

Mr. BAXTER: I am quite willing that that course shall be pursued, but I want to point out to the minister this as well, because he may, while he is at it, try to reach the end he intends to get at. It seems to me it would be comparatively easy where two companies are involved in the reorganization, to bring about, by a sale of the assets from one company to the other, a state of affairs by which there would not be any

distribution in any form of the property of the company. There would be a very large loophole open, and I think the minister might take that into consideration.

Mr. ROBB: I will do that.

The CHAIRMAN: The amendment is withdrawn.

Section agreed to.

Mr. RYCKMAN: I do not think we should leave the work of this House to the Senate. Surely if this section should be put in some other form to accomplish the end the minister has in view, it can be done here.

Mr. ROBB: May I point out to my hon. friend that the legal officials of the department have carefully gone over this, but we have the advantage here to-night of the legal knowledge of members of the House, and I think it is only fair after hearing them that we should have the opportunity of determining what is best.

Mr. RYCKMAN: I understood that the section was passed without any amendment or change at all.

Mr. ROBB: It is passed on the understanding that the legal officers will be requested to go into it again and take cognizance of the observations made here.

On section 6—Partnerships.

Mr. BAXTER: Does subsection 3 (a) in any way conflict with the provision in the Income Tax Act at present? I have not had an opportunity of comparing them, but I think that under the Income Tax Act you may base your statement either on your book accounts or on your cash receipts. Some people do one, some the other. It is as broad as it is long over a period of time. Is this intended to alter that at all, because I note it says, "whether withdrawn or not during the taxation year?" I know it is a very common thing in my own profession simply to put in the income tax statement based on the actual cash receipts, because it is in fact impossible in legal business to estimate from day to day just what the charges are in a particular matter, and therefore the profession I think invariably uses the cash receipt system. I take it this is not intended to interfere with that at all. If it is, I would like to know it, because it would require considerable discussion.

Mr. ROBB: It is not intended to interfere with the practice outlined by my hon. friend.

Mr. MILLAR: I do not know whether the question comes up under this clause, but it is probably as applicable here as anywhere else. I refer to a ruling of the commissioner that the fees paid by a lawyer to a bar association were deductible from income before calculating the income for taxation; in other words, that they were not subject to taxation.

Mr. BAXTER: It is too trivial to talk about, is it not?

Mr. MILLAR: No. The principle is there, no matter what the amount is.

Mr. BAXTER: It is only five or ten dollars.

Mr. MILLAR: Yes, but the principle is there just the same.

Mr. ROBB: A lawyer cannot accept cases before he has paid his license fee. It is a legal tax upon the business.

Mr. MILLAR: Would the fees paid by a dentist to his dental association, and by a doctor to his medical association, be exempt in the same way?

Mr. ROBB: Only where the fees are compulsory under the laws of the province.

Section agreed to.

On section 7—Tax to be a lien.

Sir HENRY DRAYTON: In connection with this whole section, there has been a great deal of difficulty over the question of these liens. The mortgage associations have pointed out that they will have to withdraw from business under the old law passed last year. They have shown that loans cannot safely be made and certificates cannot properly be got, and that it is impossible for a lawyer to give a proper certificate. The question I am going to ask my hon. friend is this: Have the sections been submitted to the loan associations, and if so, are they satisfied with them? It is in the interests of everybody that there should be no difficulty about people being able to borrow money on mortgage

Mr. ROBB: They have been consulted. This is from the Toronto Board of Trade, giving a list of those who attended the meeting. They are as follows:

Vice-President, Bond Dealers' Association of Canada.
Secretary, Canadian Bankers' Association.
Secretary, Canadian Life Insurance Officers' Association.
Member Legal Committee, Canadian Manufacturers' Association.
Legal Secretary, Canadian Manufacturers' Association.
President, Dominion Mortgage and Investments' Association.

Vice-President, Ontario Associated Boards of Trade and Chambers of Commerce.
Immediate Past President, Toronto Board of Trade.
President, Toronto Board of Trade.
Secretary, Toronto Board of Trade.
Secretary, Toronto Builders' Exchange and Construction Industries.
Vice-President, Toronto Real Estate Board.

They all approved of this legislation.

Mr. BAXTER: The first section says it is to be a lien upon the assets of the taxpayer. That, I take it, would include both real and personal property. Then subsection (3) provides that the lien shall not have priority over any sale or pledge of personal property made to a bona fide purchaser or pledgee, for value, without notice of any unpaid assessment of the vendor or pledgor. Real estate is not dealt with. Take the case, not of a loan company, but of a private individual loaning upon mortgage. How is he to get any knowledge of this thing? If he applies to the income tax department, I assume the rule of secrecy will forbid any information being given out to him. You cannot reveal how much a man is taxed. How does he get the information?

Mr. JACOBS: He will find out when the assessment is made.

Mr. BAXTER: He may be required to produce his receipt, but you have to wait quite a time before you get your receipt. You pay in the dark and wait till the department adjusts it. I am not complaining of that; I do not see that there is any other way, but it is not possible for the proposed lender to know for quite a time whether the borrower has made a correct calculation of his income tax and whether the department has approved of it. After all, is there need of a lien upon real estate?

Mr. ROBB: Yes, I think so. The taxpayer who desires to borrow the money will go to the inspector of taxation for the district, and will get a certificate that there are no assessments outstanding upon which we have a lien.

Mr. BAXTER: Not every man can pay his taxes a month or two in advance, and in the latter days of April, for instance, the offices are crowded. How in the world, at such a time, can the inspector of taxation determine whether the calculation is correct or not? He may not have had an opportunity to dissect the man's statement, and how can he drop all other business and take up this case for the purpose of giving a statement? There is a certain period of the year when it becomes well-nigh, if not altogether impossible to get one's receipt without waiting. It is rather a serious thing. I do not want to see any escape the taxation. I think there are too many escaping now, but I do not want to see any undue hindrance put in the way of a man who is compelled to borrow money on mortgage and may find himself absolutely held up and unable to get the requisite certificate or satisfy the lender that his property is clear from a lien of this kind.

[Mr. Robb.]

Mr. ROBB: There will be no undue hindrance. I point out to my hon. friend that the lien only comes into effect after the account has been properly audited.

Mr. MARLER: I should like to ask the minister a question regarding subsection 2 of section 7. I quite understand that when the certificate is given by the legal officer showing there are no arrears that certificate holds good as regards any securities so executed, but would that certificate also hold good in the case of pledges made to banks and of securities that were substituted for the securities originally hypothecated or pledged? Supposing a person went to the bank and pledged as collateral several hundred shares of a certain stock, or various classes of stock, and came back later on and under precisely the same pledge substituted other securities? Now, the actual hypothecation would be the same act but the securities would be different securities. It is an important question I am putting to the minister as regards banks and other institutions.

Mr. ROBB: The opinion is that the certificate would hold good except the case came under the Bulk Sales Act or a similar statute.

Mr. MARLER: I can take it the interpretation of the section is that once the waiver is given as regards the inclusion of a security, that securities substituted under that are still free from the lien.

Mr. ROBB: May I read paragraph 3 to clear up the point; the language is pretty clear:

> The lien hereby created shall not have priority over any sale or pledge of personal property made to a bona fide purchaser or pledgee, for value, without notice of any unpaid assessment of the vendor or pledgor, unless the sale is within the provisions of any Bulk Sales Act or similar statute.

Mr. MARLER: If the term "personal property" is made to apply to movable property there, it is clear; but I was using the term "personal property" more in the line of goods and chattels than stocks, bonds

and merchandise. It applies then to what we ordinarily understand as movable property?

Mr. ROBB: The commissioner tells me that is what they understand as personal property.

Mr. MARLER: So the question I ask is fully covered by subsection 3 in accordance with the opinion of the minister?

Mr. ROBB: Yes, I would say so.

Mr. BAXTER: The answer may be applicable to the province of Quebec—about that I can express no opinion—but I would say that the term "personal property" in all the other provinces does not merely mean ordinary chattels, visible chattels, furniture, and that sort of thing; it includes every species of property which is not land or a freehold interest in land. For instance, a leasesold right in any of the English speaking provinces is personal property. Stock, shares, bonds, all that character of property is personal property. There is no use of anyone representing the department to say they interpret "personal property" as meaning goods on the shelves in the store, or something like that. You cannot limit the meaning in that way. The law is definite and until the act is changed there can be no such limitation. The department may not be enforcing the law but it will not be obeying the law it has called into being if it does not enforce it. Now as to the difference between real and personal property, the minister proposes to enact by this paragraph that the lien shall not have priority over any sale or pledge of personal property made to a bona fide purchaser or pledgee for value without notice of any unpaid assessment of the vendor or pledgor. Suppose it is real estate. It is not a very common thing, perhaps, in the eastern provinces, but in the western provinces it is an extremely common thing to have an agreement for sale. Suppose such an agreement has been entered into. Is it intended that whilst an agreement to sell personal property shall be taken out of the lien, if the agreement relates to real estate the lien shall attach even if there is equal ignorance, equal lack of knowledge, and equal lack of notification? Surely it was never intended to make a distinction of that character. I cannot see why they should not be on the same basis; cannot see that when a person honestly but ignorantly and without possibility of knowledge contracts to buy a piece of real estate we should penalize him and give better treatment to the man who undertakes to buy a piece of furniture. It does not seem reasonable, I do not think such could be intended.

Mr. ROBB: There is no penalty to a man if he purchases land and has a certificate, but in the administration of
11 p.m. the act real estate is not recognized as personal property.

Mr. BAXTER: The minister says if he has the certificate. But I am trying to get him to see that subsection 3 applies to a case where he has not got it. The subsection reads "the lien hereby created", and it is created after mailing a notice of assessment to a taxpayer. That lien, as created by the mailing of a notice, is not to have priority over a sale of personal property made under what circumstances? To a bona fide purchaser for value without notice at all. There is no need of getting a certificate there. If, for instance, there is an assessment against a big dry goods firm, a wholesale dry goods firm and you mail the notice. That dry goods firm is there and I go in and buy several thousand dollars worth of goods, several bales of woollens, we will say. Just because I do not know anything about it and just because I have bought in good faith without notice and for value, the law very properly, I think, says that that lien shall not affect the goods that I have bought. If it were to do so, you would not be able to carry on business. Where is the moral distinction between that case and the case of a man who, with equal amount of knowledge, with equal honesty, with equal good faith, has for value bought the right to have a bit of real estate at a future date? Why is he left open to this lien and the man who buys the dry goods is safe?

Mr. JACOBS: Surely the hon. gentleman sees a vast difference between a piece of immovable property and movable goods which are transferred into half a dozen hands sometimes in as many days? In the matter of immovable property, it remains there for all time. No person thinks of dealing in immovable property until he has a certificate of search made of the property. As I understand the matter now, a certificate must be obtained from the department as to whether the tax has been paid or not. If that were to be extended to movable property, you could not do business for five minutes in this country.

Sir HENRY DRAYTON: Does my hon. friend see why money bona fide paid for immovable property should stand in a different position from money bona fide paid

for movable property so far as this act is concerned?

Mr. JACOBS: Money bona fide paid for immovable property! I cannot see how my hon. friend does not see the distinction, or how it does not suggest itself to him at the moment. When you buy immovable property, your very first act is to send the transaction to your notary, your lawyer, in order to get a certificate of search of the property. You do not buy it without knowing whether there is an encumbrance on it or not. The very first act is to investigate in order to find out whether there is any charge against the immovable property. How can you find out whether there is any charge against movable property? You cannot do that on account of its very nature.

Sir HENRY DRAYTON: There is such a thing as a chattel mortgage. There is such a thing as registration.

Mr. JACOBS: Not under the law of my province.

Sir HENRY DRAYTON: There is under our law. We can find what liens are on movables just the same as on immovables. They have to be registered under our act. Apart from that my hon. friend is wrong when he says that everyone who buys a piece of real estate goes to a lawyer. Many do not. When a man bona fide pays money, should he lose it because he pays his money bona fide in buying an agreement of sale for a piece of property?

Mr. JACOBS: The very first thing he should do is to investigate whether the man who sells really owns the property or not. That is what the question really is. There is a very well known case of a confidence man who sold a stranger in Chicago the Masonic Temple for a few thousand dollars. He showed the man the building and the man bought it. That is what my hon. friend evidently has in mind when he says that people buy property bona fide without investigating whether the person who sells it has the right to sell it.

Mr. BAXTER: What I am trying to lead up to is this, that under our system if a man has a little bit of a mortgage or a lease that is running for more than three years, if he has anything that practically invades the dominion of the real estate, he has at his peril to put that on record, or otherwise he may lose his right. The law requires the individual to do that and the penalty is the possible loss of his rights. Instead of having a system that is bound to bring about conflict, confusion and hardship, would it not be much easier to have a very simple registration provision by which, if the department thinks it necessary or wise to have a lien, it should file some record of that lien in the ordinary registration offices of the country? I am referring to the English-speaking provinces. The man searching his title would then find it all right, and if through neglect he did not search the title he would have to put up with the consequences.

Mr. JACOBS: As regards assessment for municipal taxes, there is no necessity for having registration. When you buy property it is your business to see whether the taxes have been paid to the municipality or not.

Mr. BAXTER: I know that but I know that very often mistakes occur in connection with it.

Mr. JACOBS: That is why there are lawyers.

Mr. COOTE: Has the minister made any provision, or does he intend to make any provision for a case such as I am going to suggest to him in which a farmer has had a serious loss in his farming operations for possibly two or three years and then has a good crop which renders him liable to assessment for income tax? He has become heavily indebted during those poor crop years, and on selling his crop and turning the proceeds over to the bank, he is later assessed by the Income Tax department for his operations of the previous year. When he goes to the bank for money to pay his income tax, he is refused the money by the bank, although the bank has received the total proceeds of his crop, and the farmer then is pressed by the Income Tax department for payment of the tax. I have known at least one case to occur such as I have suggested to the minister, and I believe there have been a good many such cases. I think the minister might make some provision in the act whereby the farmer could give a lien to the department on a portion of his crop before he has to sell it and turn the proceeds over to the bank. The bank very often holds a claim upon the farmer which really forces him to turn the proceeds over to it. Has the minister considered that? Is he willing to make any change in the act to protect that man?

Mr. ROBB: We do not anticipate any further changes in the act from what have been already presented to parliament. My

hon. friend brought this matter to my attention before, and it is fair to say that there is room for consideration of the points which he has outlined. This does not affect farmers any more than it affects the general business community of the country. Boards of trade have made the same representations to us on behalf of business interests as have been made by my hon. friend. This is a matter that we shall have to consider when taking up the tax question during the year.

Mr. COOTE: One man told me that he had his horses seized by the department for income tax and he had become liable under just such circumstances as I outlined to the minister. The minister says that farmers are in exactly the same position as business men.

Mr. ROBB: They are in no worse position than business men.

Mr. COOTE: I think if the minister will consider the question carefully he will see that the farmer is in a worse position because he is dependent upon nature for the quantity of crop he will receive. Very often it is beyond his ability to ward off the poor crop which nature gives him. He is always speculating with the weather, and no matter how good a farmer he is he will have a poor crop some years and a good one in others. Some effort should be made by the department to deal with the farmer's case. Certainly it is a hardship in those cases where the farmers have had their goods seized for income tax.

Mr. ROBB: I have no recollection at the moment of any farmers' horses having been seized for income tax, and I am surprised to hear that this has occurred. If my hon. friend will inform me of any particular case I shall look into it. I can assure the committee that the law will not be applied discriminatingly to any particular class in the country.

Section agreed to.

Bill reported, read the third time and passed.

ADJOURNMENT—BUSINESS OF THE HOUSE

Sir HENRY DRAYTON: I think, Mr. Speaker, that the minister ought at this stage to move the adjournment of the House. We have done considerable business to-day and we have got through it good humouredly. We were kept here until half past one this morning and I do submit to the minister that he should now move the adjournment.

Mr. ROBB: I was here as late—or as early—as was my hon. friend yesterday. We had an interesting day discussing higher politics yesterday and I should like to get down to some practical business now. As far as I remember, there was very little remaining to be done in connection with the Sales Tax bill, and if my hon. friend would be good enough to let that measure through I should be glad.

Sir HENRY DRAYTON: The minister undertook to give me some information regarding that legislation, and as a matter of fact there are questions on the order paper in reference to it not yet answered.

Mr. ROBB: Well, then, would there be any objection to taking up the legislation regarding trust and loan companies?

Mr. MEIGHEN: I would remind the minister that the government has met with not a particle of obstruction to-night.

Mr. ROBB: I am not saying it has.

Mr. MEIGHEN: Yesterday we got through a piece of work which ordinarily an opposition would be justified in discussing a good deal more than one day. It was at a late hour that we concluded last night and, speaking for myself, it was after two o'clock when I got home. Now the government is urging us at 11.15, after considerable work has been done, to proceed with further legislation—the same hon. gentlemen who when in opposition used to whine, after themselves delaying matters until midnight, if we tried to get a few things done before quitting.

Mr. ROBB: We will do as my right hon. friend wishes; we will be courteous and adjourn in the hope that to-morrow we shall be able to make some progress.

Mr. GRAHAM: In the circumstances, Mr. Speaker, I move that the House adjourn.

Sir HENRY DRAYTON: What business will be taken up to-morrow?

Mr. GRAHAM: We will proceed with the business of the Acting Minister of Finance and afterwards take up the estimates of the Department of Trade and Commerce. If we get through with that we will take up the estimates of the Department of Marine and Fisheries and after that the estimates of the Department of Public Works.

Mr. MEIGHEN: Shall we take up all the bills of the Minister of Finance?

Mr. ROBB: I should like to take them up.

Mr. SPENCER: I understand that tomorrow afternoon was set aside for the debate on the question of extending the work of the Banking committee. Is that right?

Mr. ROBB: I had a conversation with the chairman of the Banking and Commerce committee and I understood he had spoken to hon. gentlemen opposite. I may say that a number of hon. gentlemen are leaving for Quebec city and they are anxious to be present when the debate takes place; some of them desire to speak on the subject. I understand too that there are some gentlemen who are absent. If it is agreeable to hon. members we will defer the debate for a few days until those who are away have returned.

Mr. SPENCER: May I point out that it has been already deferred three times.

Motion agreed to and the House adjourned at 11.18 p.m.

END OF VOL. III